



cityofnovi.org

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2020 NOVI, MICHIGAN



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City of Novi, Michigan

Year Ended
June 30, 2020

Comprehensive
Annual Financial
Report

Prepared by: Finance Department

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CITY OF NOVI, MICHIGAN

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INTRODUCTORY SECTION

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October 22, 2020

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

CITY COUNCIL

Mayor
Bob Gatt

Mayor Pro Tem
Dave Staudt

Andrew Mutch

Laura Marie Casey

Kelly Breen

Hugh Crawford

Justin Fischer

City Manager
Peter E. Auger

City Clerk
Cortney Hanson

We are pleased to submit the Comprehensive Annual Financial Report of the City of Novi for the fiscal year ended June 30, 2020. 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 64,000 residents (per the Southeast Michigan Council of Governments July 2020 estimates, an 16% increase from the 2010 national census) 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.

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 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.

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

cityofnovi.org

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

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

Factors Affecting Financial Condition Local Economy

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

Due to the City of Novi's strong financial polices and budgetary procedures, the COVID-19 pandemic had less of an impact on the City than many other surrounding communities. The City took quick action to amend it's budget in early May to account for an anticipated loss in revenue and reduced all departments expenditures. The General Fund planned to use fund balance of \$1.3 million per the final amended budget yet ended the fiscal year using only \$700,000.

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:

- Nearly \$3 million in the new Adell Center
- Daifuku expanded their facility, totaling \$2.67 million
- Novelis' \$6.3 million dollar move to a new 53,000 sq. ft. facility

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

Financial Policies Fund Balance Policy

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

Debt Policy

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

- The City's net bonded indebtedness incurred for all public purposes should not exceed \$2,500 per capita;
- Debt service payments are limited to 20% of the combined operating and debt service fund expenditures;
- Municipal securities issued for capital improvements purposes shall not exceed 5% of the state equalized valuation of the property assessed in the City.

Investment Policy

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

Long-term Financial Planning

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

The 2010 Census reported Novi's population at 55,224, a 16.5% increase from the 2000 Census population of 47,386. The 2010 Census data is required to be used for the Constitutional portion of State Shared Revenue distributions beginning mid-2011. 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. The 2020 census is anticipated to result in an increase in population in the City and therefore an increase in state shared revenue beginning in fiscal year 2021. For the fiscal year ended June 30, 2020, Novi's reliance on revenue sharing payments represents 14% of total General Fund revenues or \$4,933,394. Novi's revenue sharing distribution remained relatively consistent (a decrease of \$27,000 from the prior year) due to the COVID-19 pandemic. During the Spring months of 2020, the City was concerned state shared revenue would fall well below the levels seen in fiscal year 2019 due to the pandemic. When the City received final state shared revenue payments, the receipts were not as low as the conservative decreased estimate.

The City of Novi has made great strides over the past twenty years in both managing and reducing debt while recognizing savings from refunded/called debt activities. For the fiscal year ended June 30, 2020, debt obligations were reduced by \$2,523,030 from the prior fiscal year. Total direct debt at June 30, 2020 was \$17,003,181.

Internal Controls

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

Major Initiatives

The residents of Novi approved a ten-year capital improvement millage (CIP) which was first levied July 2018. The City continues to investment in infrastructure to maintain its current structures as well as provide investments in new acquisitions. In Fiscal Year 2020 the CIP millage was used to provide for boardwalk repair and replacement, gun range improvements, department of public works building expansion, ITC trail, Bosco property improvements, water tower site improvements, purchase of vacant land (Jamco) and Lakeshore Park improvements. Due to the COVID-19 pandemic, the City was not able to contribute additional funding to it's pension plan as its done the last two years. The pandemic also required the City push back several capital projects into future years such as several vehicles and road projects. These capital items are being evaluated in the fiscal year 2021 budget year.

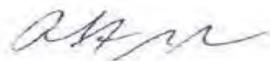
Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Excellence in Financial Reporting to the City of Novi for its comprehensive annual financial report for the fiscal year ended June 30, 2019 This was the 22nd year that the City of Novi has received this prestigious award.

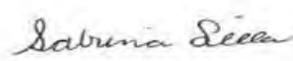
Acknowledgements

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

Respectfully submitted,



Carl Johnson
Finance Director/Treasurer



Sabrina Lilla
Deputy Finance Director

CITY OF NOVI, MICHIGAN

List of Principal Officials

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

CITY OF NOVI, MICHIGAN



Citizens

Organizational Chart

Mayor and City Council

Office of the City Manager

Homeowner Associations

operate

invest

Federal, State, County Governments

nurture

Civic Organizations

value

Volunteer Boards & Commissions

Schools

Library

Assessing Finance/Treasury Purchasing

Integrated Solutions Team

- * Information Technology
- * Geographic Information
- * Facility Operations
- * Park Maintenance
- * Park Development

City Clerk
Human Resources

Private Sector Investments

Local & Regional Chambers of Commerce

Community Relations

- * Communications
- * Social Media
- * Civic Engagement
- * Novi Studies
- * Employee Engagement
- * Novi Youth Council
- * Beautification Commission

Economic Development

- * Business Attraction/Retention/Expansion

Public Works

- Engineering
- * City Construction Project Design & Inspection
- * Capital Improvement Program
- * Private Development Site Plan Review - Infrastructure
- * Right-of-Way permits
- * Infrastructure Asset Management

- Field Operations
- * Road & Drain Maintenance
- * Ice & Snow Removal
- * Recycling Center

Forestry

Fleet Maintenance

Water & Sewer

- * Sanitary Sewer Operations & Maintenance
- * Water System Operations & Maintenance
- * Watershed Stewardship
- * Rouge River Liaison

Public Safety

- Administration
- * Police & Fire
- * Records
- * Emergency 911 Center

Police

- * Preventative Patrol
- * Criminal Investigations
- * Crime Prevention & Citizen Engagement

Fire

- * Emergency Medical Services Response
- * Fire Prevention/Inspections
- * Fire Suppression
- * Citizen Engagement

Emergency Preparedness & Management

- * CERT
- * Citizen Engagement

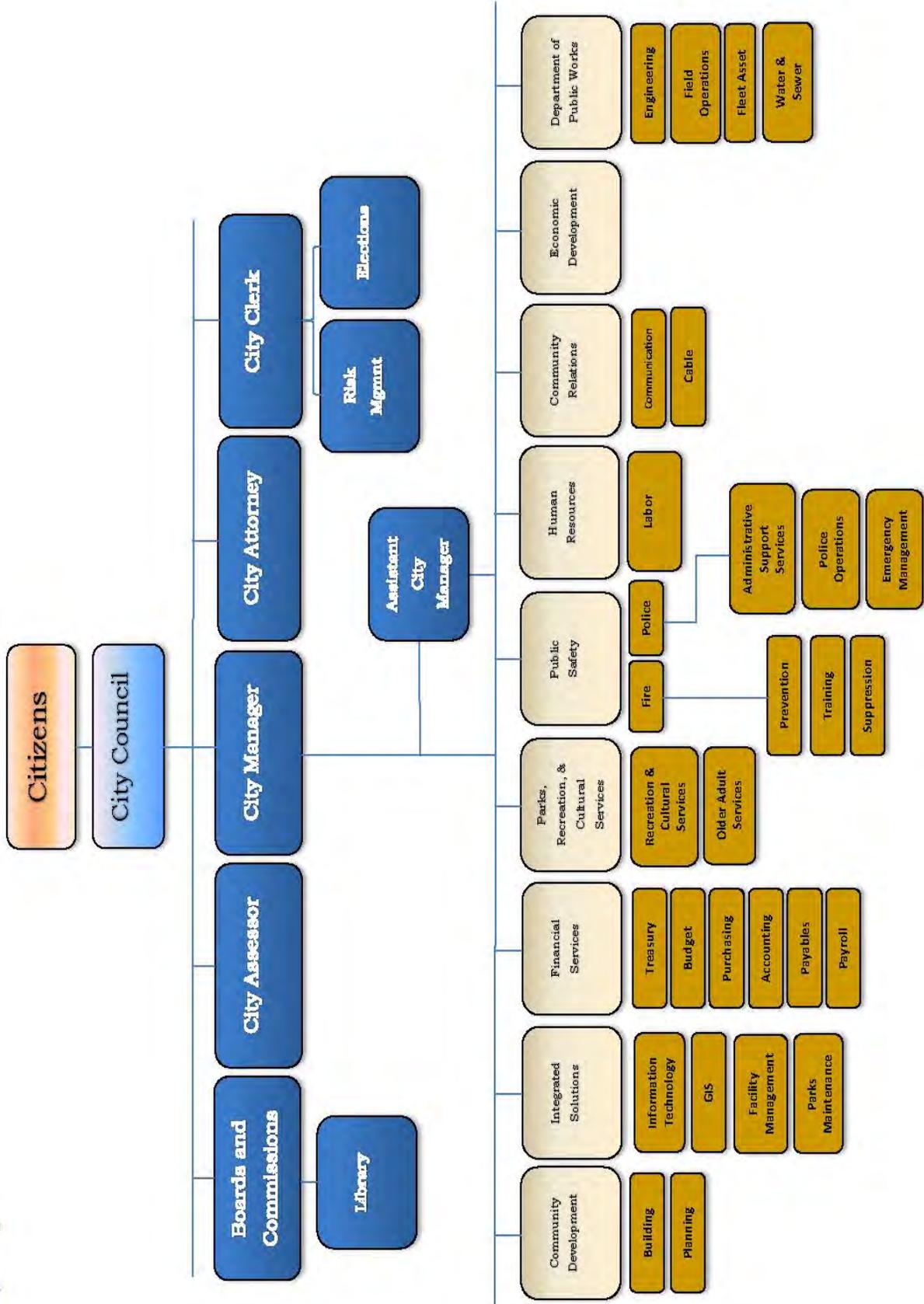
Community Development

- * Long-Range Planning
- * Private Development Site Plan Review
- * Environmental Planning
- * Master Plan and Zoning
- * Soil Erosion and Sedimentation Control
- * Building Plan Review, Inspections and Permits
- * Ordinance Enforcement

Parks, Recreation & Cultural Services - Programs

- * Recreation
- * Older Adults
- * Meadowbrook Commons/Ice Arena
- * Novi Ice Arena
- * Arts & Community Festivals

CITY OF NOVI, MICHIGAN



CITY OF NOVI, MICHIGAN

Fund Organization Chart

Governmental Funds

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

Component Units

Economic Development Corporation Corridor Improvement Authority
--



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Novi
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

October 22, 2020

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Novi, Michigan* (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Novi, Michigan, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 22, 2020, on our consideration of the City of Novi, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

As management of the City of Novi, Michigan (the "City"), we offer readers an overview of the City's financial activities for the fiscal year ended June 30, 2020. 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	\$ 371,707,256
· Change in total net position	9,546,698
· Fund balances, governmental funds	27,727,857
· Change in fund balances, governmental funds	(6,777,568)
· Unassigned fund balance, general fund	9,616,267
· Change in fund balance, general fund	(700,981)
· Total installment debt outstanding	17,003,181
· Change in installment debt	(2,523,030)

Overview of the Financial Statements

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

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

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

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

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

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

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

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

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

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

Information for each of the City's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund 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 statement of changes in fiduciary assets and liabilities for the agency fund, the economic development corporation component unit financial statements, and the corridor improvement authority component unit financial statements follow the nonmajor governmental funds combining statements.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$371,707,256 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 37,250,667	\$ 49,434,652	\$ 80,150,600	\$ 80,054,716	\$ 117,401,267	\$ 129,489,368
Capital assets, net	183,050,076	173,415,605	142,274,908	136,518,547	325,324,984	309,934,152
Net other postemployment benefit asset	2,428,986	1,250,336	75,123	38,670	2,504,109	1,289,006
Total assets	222,729,729	224,100,593	222,500,631	216,611,933	445,230,360	440,712,526
Deferred outflows of resources	5,686,394	6,742,079	192,575	242,008	5,878,969	6,984,087
Current and other liabilities	8,662,093	15,105,935	6,180,413	4,509,026	14,842,506	19,614,961
Long-term debt	11,997,276	12,864,717	7,643,775	9,024,725	19,641,051	21,889,442
Net pension liability	37,976,948	38,024,504	1,582,373	1,584,354	39,559,321	39,608,858
Total liabilities	58,636,317	65,995,156	15,406,561	15,118,105	74,042,878	81,113,261
Deferred inflows of resources	5,192,821	4,278,915	166,374	143,879	5,359,195	4,422,794
Net position						
Net investment in capital assets	174,166,371	163,467,366	134,704,908	127,568,547	308,871,279	291,035,913
Restricted	28,300,716	29,889,601	-	-	28,300,716	29,889,601
Unrestricted (deficit)	(37,880,102)	(32,788,366)	72,415,363	74,023,410	34,535,261	41,235,044
Total net position	\$ 164,586,985	\$ 160,568,601	\$ 207,120,271	\$ 201,591,957	\$ 371,707,256	\$ 362,160,558

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

An additional portion of the City's net position (7.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position (deficit)* may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City reported positive balances in the net investment of capital assets and restricted net position, however, the unrestricted deficit was primarily the result of net pension and other postemployment liabilities/assets and related deferred amounts.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

Governmental current and other liabilities has decreased approximately \$6.4 million from the prior year. This is largely due to the following:

- There was \$310,000 of additional pension contributions accrued at June 30, 2019, whereas, there was no such additional contribution in the current fiscal year.
- The capital improvement program fund (CIP) had approximately \$4.4 million of accounts payable related to ongoing capital projects (including the new DPW building, Lakeshore Park improvements, and the new ladder truck) in the prior fiscal year. In the current year, outstanding payables as of June 30, 2020 in the CIP fund are approximately \$322,000.
- The COVID-19 pandemic resulted in many capital projects being delayed due to construction restrictions at the State level, resulting in lower construction commitments at June 30, 2020. In addition, while the City maintained necessary functions during the pandemic, the City was not back to 100% of its functions until after June 30, 2020, also resulting in a decrease in goods and services being purchased and utilized and decreasing accounts payable across the City departments and funds.

The City's net position increased by \$9,546,698 from the prior year net position, compared to the prior year's \$13,118,363 increase. This is largely due to the following:

- There was an increase in water and sewer capital assets, including developer donated water and sewer lines, vector station and DPW parking lot, 9 Mile gravity sewer project and the new DPW building.
- There was an increase in Governmental capital assets such as roads, sidewalks and the DPW building.
- Both governmental and business-type activities had an increase in capital assets while the governmental activities, as stated earlier, also had a significant decrease in liabilities, which accounts for the change in net position.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 8,182,210	\$ 9,373,550	\$ 27,773,846	\$ 27,831,892	\$ 35,956,056	\$ 37,205,442
Operating grants and contributions	9,374,675	8,946,984	262,487	190,521	9,637,162	9,137,505
Capital grants and contributions	1,115,277	1,319,020	3,495,517	4,835,047	4,610,794	6,154,067
General revenues:						
Property taxes	40,650,305	38,636,830	-	-	40,650,305	38,636,830
State shared	4,977,778	5,658,307	-	-	4,977,778	5,658,307
Investment income	1,332,096	1,468,783	1,886,090	2,220,521	3,218,186	3,689,304
Other	249,270	266,640	-	33,061	249,270	299,701
Gain on sale of capital assets	-	114,911	-	-	-	114,911
Total revenues	65,881,611	65,785,025	33,417,940	35,111,042	99,299,551	100,896,067
Expenses						
General government	9,387,526	9,773,538	-	-	9,387,526	9,773,538
Public safety	21,208,513	21,159,849	-	-	21,208,513	21,159,849
Public works	18,850,707	19,254,786	-	-	18,850,707	19,254,786
Community and economic development	3,061,226	2,994,733	-	-	3,061,226	2,994,733
Recreation and culture	6,163,622	5,926,881	-	-	6,163,622	5,926,881
Interest and fiscal charges	530,373	340,183	-	-	530,373	340,183
Water and sewer	-	-	27,569,649	25,278,115	27,569,649	25,278,115
Ice arena	-	-	1,572,998	1,682,737	1,572,998	1,682,737
Senior housing	-	-	1,408,239	1,366,882	1,408,239	1,366,882
Total expenses	59,201,967	59,449,970	30,550,886	28,327,734	89,752,853	87,777,704
Change in net position, before transfers	6,679,644	6,335,055	2,867,054	6,783,308	9,546,698	13,118,363
Transfers	(2,661,260)	2,421,260	2,661,260	(2,421,260)	-	-
Change in net position	4,018,384	8,756,315	5,528,314	4,362,048	9,546,698	13,118,363
Net position:						
Beginning of year	160,568,601	151,812,286	201,591,957	197,229,909	362,160,558	349,042,195
End of year	\$ 164,586,985	\$ 160,568,601	\$ 207,120,271	\$ 201,591,957	\$ 371,707,256	\$ 362,160,558

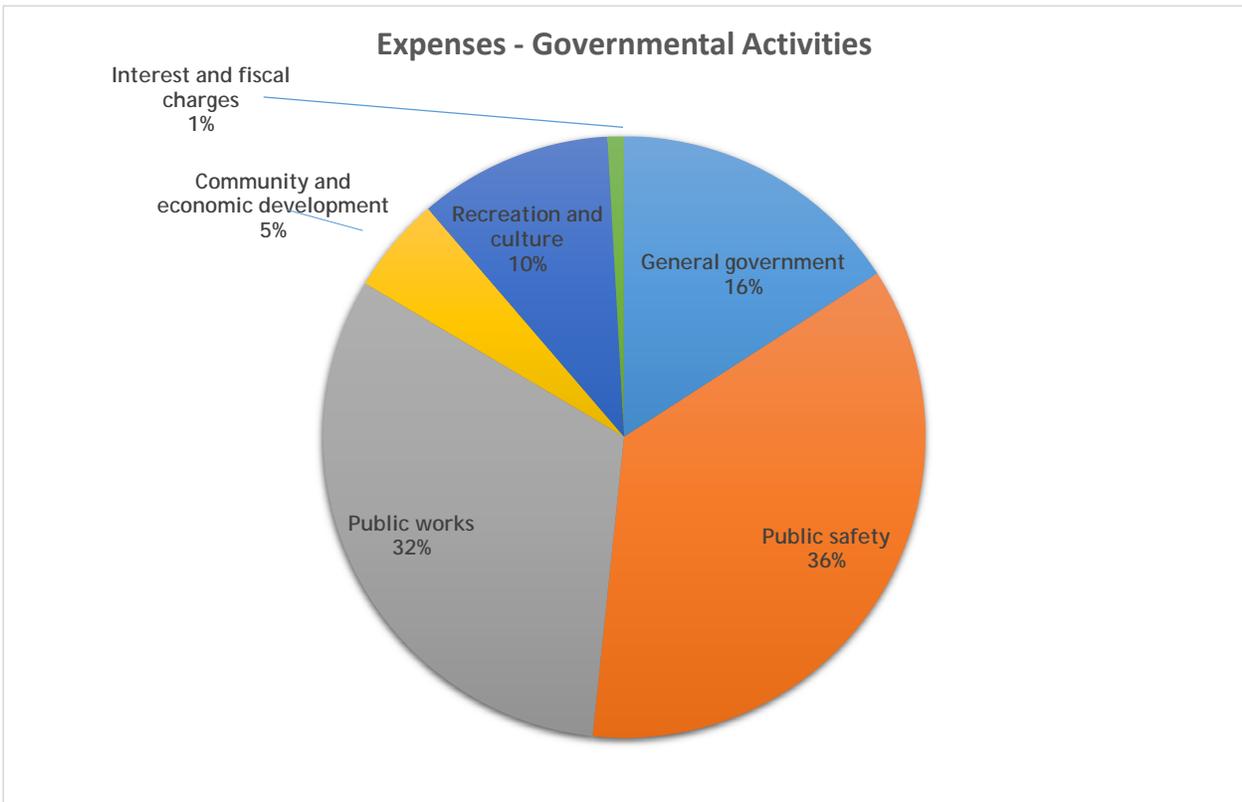
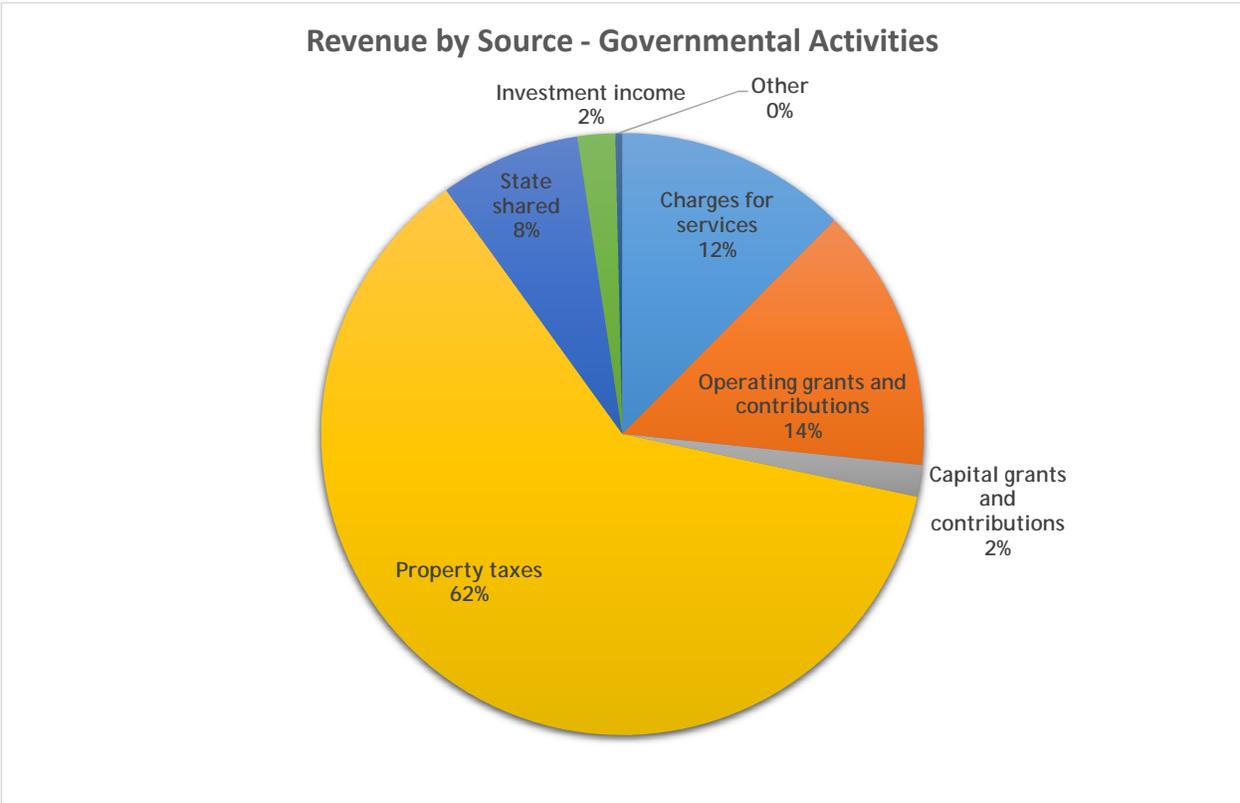
CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net position by \$4,018,384 (as compared to a prior year increase of \$8,756,315). Key elements of this increase and the change from the prior year include:

- The City had an increase in property tax revenue of approximately \$2 million. The increase was due to an addition of \$207 million to the City's overall taxable value.
- In the prior year, charges for services had an increase of approximately \$863,000, whereas, in the current year, the charges for services decreased by \$1,191,000. The large swing was mostly due to the COVID-19 pandemic and its effect on building revenue and parks and recreation programming revenue. The building department saw a significant decrease in revenues due to the City's closure during the pandemic as well as a Statewide executive order to halt construction projects for a significant period of time. In addition, the parks and recreation department was forced to cancel many of its programs and or limit its participants due to the pandemic.
- State shared revenue in the prior year had an increase of \$485,000 while the current year saw a decrease of \$680,000. As stated previously, the decrease was due to a decrease in State funding due to the pandemic. The City receives state shared revenue based on statewide sales and gas tax collections. The State experienced a slight decrease in sales tax and a greater decrease in gas usage (therefore a decrease in gas tax) due to the "Stay at Home" executive order in place as a result of the COVID-19 pandemic.
- In addition, the capital improvement program fund transferred back \$2.7 million of funding provided originally by the water and sewer fund in prior years for the fund's pro-rated portion of the new department of public works building. The accounting rules required the funds contributed by the water and sewer fund be capitalized within that fund which prompted the transfer.

Management's Discussion and Analysis

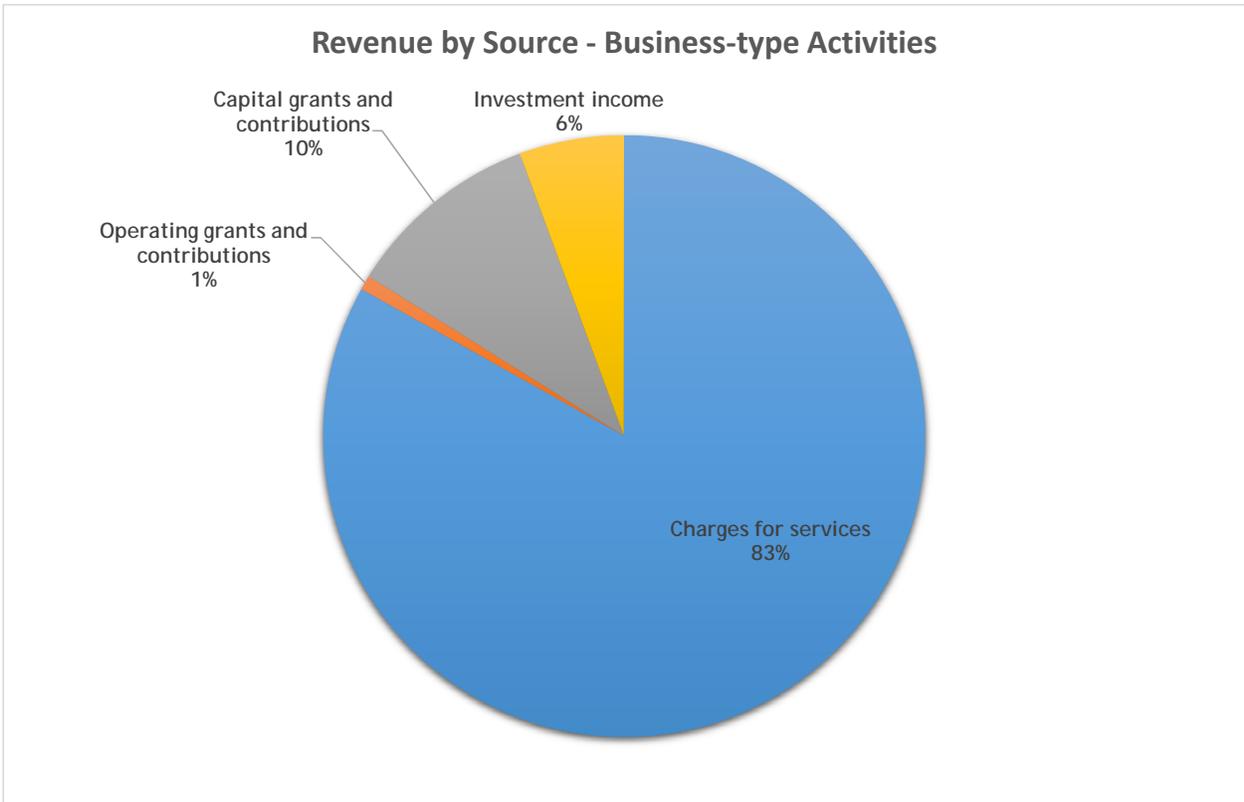


CITY OF NOVI, MICHIGAN

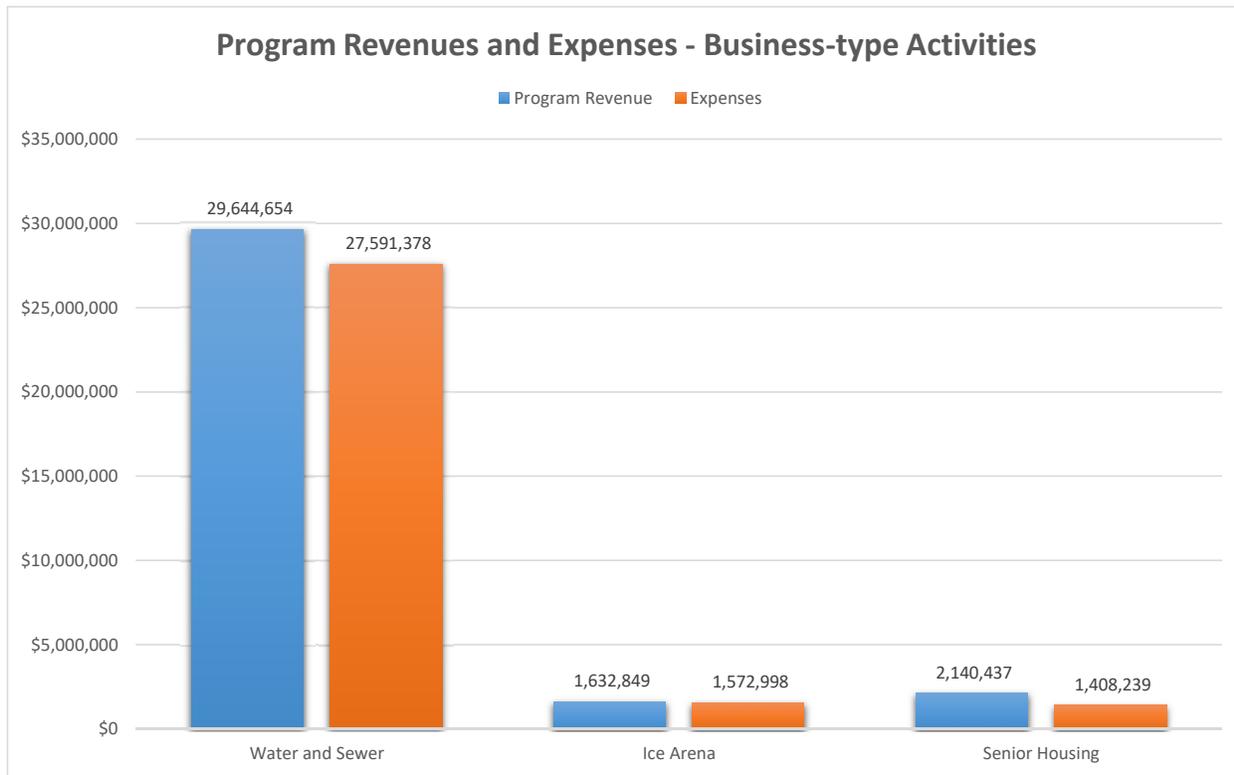
Management's Discussion and Analysis

Business-type activities. Business-type activities increased the City's net position by \$5,528,314 as compared to an increase of \$4,362,048 in the prior year. Key elements of this increase and the change from the prior year include:

- The capital improvement program fund transferred back \$2.7 million of funding provided originally by the water and sewer fund in prior years for the fund's pro-rated portion of the new department of public works building. The accounting rules required the funds contributed by the water and sewer fund be capitalized within that fund which prompted the transfer.



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 \$27,727,857, a decrease of \$6,777,568. The nonspendable portion of fund balance increased from \$738,046 to \$6,955,280. 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 (\$234,069); and
- for endowments (\$6,710,826).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$9,616,267, while total fund balance was \$10,596,128. As of June 30, 2020, the unassigned fund balance represented 90.8% of total fund balance.

The fund balance of the City's general fund decreased by \$700,981 during the current fiscal year. This can be attributed to the timing difference of \$621,161 of federal funding not being received within the first 60 days after year end. The COVID-19 federal funding was not received by the City until after 60 days, therefore it was not able to be recorded as revenue until fiscal year 2021 under the modified accrual accounting rules.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

The fiscal year 2020 general fund amended budget estimated expenditures and other financing uses to exceed revenues and other financing sources (decrease in fund balance) by \$1,341,442. The actual expenditures and other financing uses exceed revenues and other financing sources (decrease of fund balance) by only \$700,981. Revenues were \$905,219 lower than expected primarily due to the timing difference of \$621,161 of federal funding not being received within the first 60 days after year end. The COVID-19 federal funding was not received by the City until after 60 days, therefore it was not able to be recorded as revenue until fiscal year 2021 under the modified accrual accounting rules. Of the \$1,442,851 variance between the projected expenditures and actual expenditures, \$1,187,365 is to be rolled over into fiscal year 2021 for capital expenditures (\$727,865) that were not completed during the fiscal year and COVID-19 hazard pay that was not paid out during fiscal year 2020 (\$459,500) but was rolled over and paid in fiscal year 2021.

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 \$11,126,175 at year end. The fund balance decreased from prior year in the amount of \$4,424,410 as construction continued. The current fiscal year includes budgets for boardwalk and sidewalk improvements, gun range improvements, department of public works building expansion, Lakeshore Park improvements, ITC Trail (Garfield between 9 and 11 Mile), Lakeshore and Pavilion Shore Park shorelines, Bosco property improvements and upgrades to the water tower site.

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

Total net position of the water and sewer fund at the end of the year amounted to \$195,856,698. Of this amount, \$127,333,998 represents the net investment in capital assets and \$68,522,700 represents unrestricted net position. The fund had an increase in total net position for the year of \$4,714,536. This increase is consistent with prior years as the City estimates revenues over expenses each year of approximately \$3-4 million to add net position to assist with future capital needs.

Total net position of the ice arena fund at the end of the year amounted to \$5,351,916. Of this amount, \$3,065,636 represents the net investment in capital assets and \$2,286,280 represents unrestricted net position. The fund had an increase in total net position for the year of \$59,851. The increase is less than an average increase of approximately \$400,000. The decrease is due to the ice arena being shuttered during the pandemic.

Total net position of the senior housing fund at the end of the year amounted to \$5,889,928. Of this amount, \$4,305,274 represents the net investment in capital assets and \$1,584,654 represents unrestricted net position. The fund had an increase in total net position for the year of \$732,198. The increase is consistent with prior years as the City utilizes excess net position to fund future capital needs.

Total net position of the internal service fund at the end of the year amounted to \$296,368, all of which is unrestricted. The fund had an increase in total net position for the year of \$296,368. 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 to offset future cost increases and/or reduce employee monthly contributions toward their premiums.

General Fund Budgetary Highlights

The general fund ended the year with revenues of \$34,833,654, compared to the final budget amount of \$35,738,873. Additionally, expenditures and transfers out at year-end totaled \$35,742,115, compared to the final budget amount of \$37,242,966. Significant factors affecting changes from original to final budgeted figures and differences between the final budget and actual amounts were due to the following:

- Building permit fees were less than anticipated due to the COVID-19 pandemic. City hall was closed due to the pandemic as well as the State executive ordered limited construction projects statewide for several months during the pandemic which limited the building revenue generated by the City.
- \$621,000 relates to a timing difference of federal funding not being received within the first 60 days after year end. The COVID-19 federal funding was not received by the City until after 60 days, therefore it was not able to be recorded as revenue until fiscal year 2021 under the modified accrual accounting rules.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

- The favorable expenditure variance is made up of capital rollovers into next year of \$727,865 and \$459,500 of COVID-19 hazard pay expenditures not paid out until after year end.

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, 2020, amounted to \$325,324,984 (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 5.6%, and for business-type activities increased by 4.2%.

	Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 33,898,143	\$ 32,878,399	\$ 2,272,256	\$ 2,272,256	\$ 36,170,399	\$ 35,150,655
Construction in progress	29,160,478	21,104,221	10,591,207	2,608,301	39,751,685	23,712,522
Roads	63,759,197	65,073,952	-	-	63,759,197	65,073,952
Nonmotorized pathway improvements	7,453,352	7,953,404	-	-	7,453,352	7,953,404
Bridges	754,209	842,484	-	-	754,209	842,484
Drains	7,668,963	7,840,571	-	-	7,668,963	7,840,571
Buildings and Improvements	25,454,729	26,909,864	16,295,766	17,006,453	41,750,495	43,916,317
Machinery and equipment	6,637,167	5,799,674	1,115,537	1,034,646	7,752,704	6,834,320
Land improvements	5,569,795	2,427,584	1,057,637	1,119,294	6,627,432	3,546,878
Library books	2,694,043	2,585,452	-	-	2,694,043	2,585,452
Water and sewer distribution systems	-	-	110,942,505	112,477,597	110,942,505	112,477,597
Total	\$ 183,050,076	\$ 173,415,605	\$ 142,274,908	\$ 136,518,547	\$ 325,324,984	\$ 309,934,152

Major capital asset events during the current fiscal year included:

- Department of public works building
- ITC Trail (Garfield between 9 and 11 Mile) improvements
- Bosco land improvements
- Lakeshore Park improvements
- Nine Mile sanitary relief sewer
- Lakeshore and Pavilion Shore Park shorelines
- Upgrades to the water tower site
- Cabot and Lewis Drive
- Crescent Blvd and Ring Road
- Vactor Station and DPW parking lot

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

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,235,000. Of this amount, \$8,665,000 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 8,665,000	\$ 9,680,000	\$ -	\$ -	\$ 8,665,000	\$ 9,680,000
Special assessment bonds	-	-	7,570,000	8,950,000	7,570,000	8,950,000
Unamortized premium	768,181	896,211	-	-	768,181	896,211
Compensated absences	2,564,095	2,288,506	73,775	74,725	2,637,870	2,363,231
Total	\$ 11,997,276	\$ 12,864,717	\$ 7,643,775	\$ 9,024,725	\$ 19,641,051	\$ 21,889,442

The City's total bonded debt decreased by \$2,395,000 (12.9 percent) during the current fiscal year as a result of scheduled debt payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The City's current outstanding general obligation debt is substantially below the current debt limit of \$470,421,131.

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

Economic Factors and Next Year's Budgets and Rates

- The budget plan, as originally approved in the fiscal year 2020-2021 budget has General Fund revenues equal to expenditures.
- The revenue budgets for the general fund, major and local streets funds, parks and recreation and ice arena funds were significantly reduced to account for the continued impact the COVID-19 pandemic is having on the economy of the city, state and country.
- The 2021 fiscal year approved tax millage rate remained at 10.5376 from fiscal year 2020. The total general fund tax revenue is expected to increase \$980,000 or 4%.
- The City continues to place an importance on its infrastructure in fiscal year 2021. The general fund budget includes \$968,210 for parking lot improvements, building upgrades and vehicle and equipment replacements. The three street funds plan to spend \$7.5 million on roads, intersections, signals, sidewalk and pathway projects throughout the City. The parks, recreation, and cultural services fund has \$111,220 for a new play structure at ITC Sports Park. The capital improvement program fund has \$463,500 budgeted for the water tower restoration. The water and sewer fund plans to spend \$3,634,350 on sanitary sewer repairs, pump station repairs, and pressure reducing valve ("PRV") re-districting.

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.

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BASIC FINANCIAL STATEMENTS

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CITY OF NOVI, MICHIGAN

Statement of Net Position
June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,700,657	\$ 4,943,347	\$ 6,644,004	\$ 11,910
Investments	39,259,405	47,483,681	86,743,086	-
Receivables	3,816,576	6,946,944	10,763,520	-
Advance to component unit	2,807,507	-	2,807,507	-
Internal balances	(10,731,729)	10,731,729	-	-
Other assets	398,251	10,044,899	10,443,150	-
Capital assets not being depreciated	63,058,621	12,863,463	75,922,084	2,936,173
Capital assets being depreciated, net	119,991,455	129,411,445	249,402,900	-
Net other postemployment benefit asset	2,428,986	75,123	2,504,109	-
Total assets	222,729,729	222,500,631	445,230,360	2,948,083
Deferred outflows of resources				
Deferred charge on refunding	549,476	-	549,476	-
Deferred pension amounts	3,138,295	130,762	3,269,057	-
Deferred other postemployment benefit amounts	1,998,623	61,813	2,060,436	-
Total deferred outflows of resources	5,686,394	192,575	5,878,969	-
Liabilities				
Accounts payable and accrued liabilities	8,171,748	5,935,905	14,107,653	-
Refundable deposits	129,203	235,899	365,102	-
Unearned revenue	361,142	8,609	369,751	-
Advance from primary government	-	-	-	2,807,507
Long-term debt:				
Due within one year	3,249,306	1,418,775	4,668,081	-
Due in more than one year	8,747,970	6,225,000	14,972,970	-
Other liabilities due in more than one year - Net pension liability	37,976,948	1,582,373	39,559,321	-
Total liabilities	58,636,317	15,406,561	74,042,878	2,807,507
Deferred inflows of resources				
Deferred pension amounts	537,402	22,392	559,794	-
Deferred other postemployment benefit amounts	4,655,419	143,982	4,799,401	-
Total deferred inflows of resources	5,192,821	166,374	5,359,195	-
Net position				
Net investment in capital assets	174,166,371	134,704,908	308,871,279	128,666
Restricted for:				
Roads	7,229,692	-	7,229,692	-
Public safety	341,824	-	341,824	-
Community and economic development	2,282	-	2,282	-
Debt service	41,047	-	41,047	-
Infrastructure improvements	4,511,895	-	4,511,895	-
Parks, recreation, and cultural services	518,256	-	518,256	-
Library	3,991,879	-	3,991,879	-
Stormwater systems	104	-	104	-
Tree replacement and maintenance	4,316,704	-	4,316,704	-
Street lighting improvement	64,011	-	64,011	-
PEG access support fees	572,196	-	572,196	-
Endowment - expendable	6,710,826	-	6,710,826	-
Unrestricted (deficit)	(37,880,102)	72,415,363	34,535,261	11,910
Total net position	\$ 164,586,985	\$207,120,271	\$371,707,256	\$ 140,576

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, 2020

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	\$ 9,387,526	\$ 3,562,331	\$ 1,129,773	\$ -	\$ (4,695,422)
Public safety	21,208,513	863,033	270,528	-	(20,074,952)
Public works	18,850,707	2,535,094	7,366,123	1,091,302	(7,858,188)
Community and economic development	3,061,226	302,931	93,978	-	(2,664,317)
Recreation and culture	6,163,622	918,821	514,273	23,975	(4,706,553)
Interest and fiscal charges	530,373	-	-	-	(530,373)
Total governmental activities	59,201,967	8,182,210	9,374,675	1,115,277	(40,529,805)
Business-type activities:					
Water and sewer	27,569,649	24,106,703	262,487	3,495,517	295,058
Ice Arena	1,572,998	1,563,471	-	-	(9,527)
Senior Housing	1,408,239	2,103,672	-	-	695,433
Total business-type activities	30,550,886	27,773,846	262,487	3,495,517	980,964
Total primary government	\$ 89,752,853	\$ 35,956,056	\$ 9,637,162	\$ 4,610,794	\$ (39,548,841)
Component unit					
Corridor Improvement Authority	\$ 57,097	\$ -	\$ -	\$ -	\$ (57,097)

continued...

CITY OF NOVI, MICHIGAN

Statement of Activities
For the Year Ended June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net (expense) revenue	<u>\$ (40,529,805)</u>	<u>\$ 980,964</u>	<u>\$ (39,548,841)</u>	<u>\$ (57,097)</u>
General revenues:				
Property taxes	40,650,305	-	40,650,305	150,763
State shared revenues	4,977,778	-	4,977,778	-
Investment income	1,332,096	1,886,090	3,218,186	-
Other	249,270	-	249,270	-
Transfers	<u>(2,661,260)</u>	<u>2,661,260</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>44,548,189</u>	<u>4,547,350</u>	<u>49,095,539</u>	<u>150,763</u>
Change in net position	4,018,384	5,528,314	9,546,698	93,666
Net position, beginning of year	<u>160,568,601</u>	<u>201,591,957</u>	<u>362,160,558</u>	<u>46,910</u>
Net position, end of year	<u>\$ 164,586,985</u>	<u>\$207,120,271</u>	<u>\$371,707,256</u>	<u>\$ 140,576</u>

concluded.

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

CITY OF NOVI, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2020

	General Fund	Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 486,366	\$ 49,318	\$ 1,111,726	\$ 1,647,410
Investments	10,462,792	737,684	28,008,913	39,209,389
Receivables:				
Accrued interest	304,680	-	-	304,680
Other	454,701	-	78,029	532,730
Due from other governments	1,558,102	-	941,882	2,499,984
Advances to other governments	-	-	381,259	381,259
Due from other funds	21,401	-	-	21,401
Advances to component units	-	-	2,807,507	2,807,507
Prepaid items and other assets	232,326	-	1,743	234,069
Total assets	\$ 13,520,368	\$ 787,002	\$ 33,331,059	\$ 47,638,429
Liabilities				
Accounts payable	\$ 774,433	\$ 1,195,177	\$ 4,079,720	6,049,330
Accrued salaries and wages	1,027,160	-	139,560	1,166,720
Other accrued liabilities	258,346	8,000	477,676	744,022
Refundable deposits	126,895	-	2,308	129,203
Unearned revenue	116,245	-	244,897	361,142
Advances from other funds	-	10,710,000	-	10,710,000
Due to other funds	-	-	21,401	21,401
Total liabilities	2,303,079	11,913,177	4,965,562	19,181,818
Deferred inflows of resources				
Unavailable revenue - grants	-	-	48,291	48,291
Unavailable revenue - other	621,161	-	59,302	680,463
Total deferred inflows of resources	621,161	-	107,593	728,754
Fund balances				
Nonspendable:				
Prepays	232,326	-	1,743	234,069
Endowments	-	-	6,710,826	6,710,826
Restricted:				
Roads	-	-	7,229,692	7,229,692
Public safety	17,388	-	324,436	341,824
Community and economic development	2,282	-	-	2,282
Debt service	-	-	125,040	125,040
Infrastructure improvements	-	-	4,511,895	4,511,895
Parks, recreation, and cultural services	-	-	464,474	464,474
Library	-	-	3,987,283	3,987,283
Tree replacement and maintenance	-	-	4,314,495	4,314,495
Street lighting improvement	-	-	64,011	64,011
PEG access support fees	-	-	572,196	572,196
Assigned - subsequent year's budget	727,865	-	-	727,865
Unassigned (deficit)	9,616,267	(11,126,175)	(48,187)	(1,558,095)
Total fund balances	10,596,128	(11,126,175)	28,257,904	27,727,857
Total liabilities, deferred inflows of resources and fund balances	\$ 13,520,368	\$ 787,002	\$ 33,331,059	\$ 47,638,429

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, 2020

Fund balances - total governmental funds	\$ 27,727,857
Amounts reported for <i>governmental activities</i> 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	63,058,621
Capital assets being depreciated, net	119,991,455
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	728,754
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	296,368
Portion of internal service fund net position attributed to business-type activities	(21,729)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Accrued interest on long-term debt	(84,451)
Bonds payable	(8,665,000)
Unamortized bond premium	(768,181)
Accrued compensated absences	(2,564,095)
Unamortized deferred charge on refunding	549,476
Claims and judgments	(58,225)
Certain pension and postemployment-related amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(37,976,948)
Deferred outflows related to the net pension liability	3,138,295
Deferred inflows related to the net pension liability	(537,402)
Net other postemployment benefit asset	2,428,986
Deferred outflows related to the net other postemployment benefit asset	1,998,623
Deferred inflows related to the net other postemployment benefit asset	(4,655,419)
Net position of governmental activities	<u>\$ 164,586,985</u>

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, 2020

	General Fund	Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 23,802,308	\$ 3,676,064	\$ 13,171,933	\$ 40,650,305
Special assessments	-	-	35,829	35,829
Licenses, permits, and charges for services	3,928,932	-	2,882,319	6,811,251
Intergovernmental:				
Federal grants	211,504	-	194,238	405,742
State-shared revenue and grants	4,950,509	-	6,119,316	11,069,825
Other grants	-	-	309,337	309,337
Fines and forfeitures	326,297	-	240,995	567,292
Investment income	1,020,846	2	896,393	1,917,241
Other:				
Local donations	5,732	-	214,508	220,240
Recreational programs	-	-	918,821	918,821
Miscellaneous	587,526	-	673,130	1,260,656
Total revenues	34,833,654	3,676,066	25,656,819	64,166,539
Expenditures				
Current:				
General government	9,264,628	322,218	-	9,586,846
Public safety	20,404,925	105,116	349,580	20,859,621
Public works	3,343,005	-	18,956,653	22,299,658
Community and economic development	2,655,710	-	384,903	3,040,613
Recreation and culture	48,847	4,865,253	6,235,342	11,149,442
Debt service:				
Principal	-	-	1,015,000	1,015,000
Interest and fiscal charges	-	232,031	356,700	588,731
Total expenditures	35,717,115	5,524,618	27,298,178	68,539,911
Revenues under expenditures	(883,461)	(1,848,552)	(1,641,359)	(4,373,372)
Other financing sources (uses)				
Proceeds from sale of capital assets	205,799	-	9,584	215,383
Insurance recovery	1,681	-	40,000	41,681
Transfers in	-	85,402	6,256,927	6,342,329
Transfers out	(25,000)	(2,661,260)	(6,317,329)	(9,003,589)
Total other financing sources (uses)	182,480	(2,575,858)	(10,818)	(2,404,196)
Net change in fund balances	(700,981)	(4,424,410)	(1,652,177)	(6,777,568)
Fund balances (deficit), beginning of year	11,297,109	(6,701,765)	29,910,081	34,505,425
Fund balances (deficit), end of year	\$ 10,596,128	\$ (11,126,175)	\$ 28,257,904	\$ 27,727,857

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, 2020

Net change in fund balances - total governmental funds \$ (6,777,568)

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	18,872,480
Donated capital assets	625,828
Contributed capital	424,445
Depreciation expense	(10,058,000)
Proceeds from sale of capital assets	(215,383)
Loss on sale of capital assets	(14,899)

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	664,750
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Internal service funds are used by management to charge the costs of certain health insurance costs to individual funds. The net increase (decrease) in the net position of the internal service fund is reported with governmental activities.

Net operating income from governmental internal service fund	296,319
Investment earnings from governmental internal service fund	49
Net operating income attributable to business-type activities	(21,729)

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

Principal payments on long-term debt	1,015,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of deferred charge on refunding and premium, and change in accrued interest payable on long-term debt	58,358
Change in net pension liability and related deferred amounts	(1,203,848)
Change in net other postemployment benefit asset and related deferred amounts	538,959
Change in the accrual for compensated absences	(275,589)
Change in the claims and judgments liability	89,212

Change in net position of governmental activities	<u>\$ 4,018,384</u>
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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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	\$ 23,893,702	\$ 23,662,729	\$ 23,576,899	\$ (85,830)
Trailer fees	11,500	11,500	10,845	(655)
Penalties and interest	160,000	215,000	214,564	(436)
Licenses, permits, and charges for services	4,777,604	4,397,604	3,928,932	(468,672)
Intergovernmental:				
Federal grants	65,000	949,345	211,504	(737,841)
State grants	4,897,925	4,425,072	4,950,509	525,437
Fines and forfeitures	525,000	375,000	326,297	(48,703)
Investment income	747,033	1,126,669	1,020,846	(105,823)
Other:				
Local donations	1,000	5,735	5,732	(3)
Miscellaneous	727,870	570,219	587,526	17,307
Total revenues	35,806,634	35,738,873	34,833,654	(905,219)
Expenditures				
Current:				
General government:				
City council	48,230	166,460	83,873	(82,587)
City manager	666,909	711,054	684,132	(26,922)
Finance	1,011,654	891,924	867,556	(24,368)
Treasury	345,129	341,854	325,683	(16,171)
Integrated solutions	1,304,828	1,367,848	1,332,851	(34,997)
Assessing	864,344	811,495	785,872	(25,623)
City attorney, insurance, and claims	822,898	682,898	696,458	13,560
City clerk	883,815	978,860	1,021,388	42,528
Facility management	1,190,445	1,304,725	1,139,702	(165,023)
Park maintenance	902,269	1,159,218	1,121,928	(37,290)
Human resources	500,506	516,328	507,682	(8,646)
Community relations	719,032	671,542	641,016	(30,526)
Economic development	181,664	56,721	56,487	(234)
Total general government	9,441,723	9,660,927	9,264,628	(396,299)
Public safety:				
Police	13,269,305	14,093,820	13,711,285	(382,535)
Fire	6,310,285	6,874,301	6,693,640	(180,661)
Total public safety	19,579,590	20,968,121	20,404,925	(563,196)
Public works:				
Administration	416,084	652,502	610,570	(41,932)
Engineering	386,004	208,844	187,517	(21,327)
Field operations	1,923,489	1,936,823	1,723,718	(213,105)
Fleet asset	769,246	850,653	821,200	(29,453)
Total public works	3,494,823	3,648,822	3,343,005	(305,817)

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CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Community and economic development:				
Building	2,102,168	2,243,598	2,142,362	(101,236)
Planning	592,833	586,856	513,348	(73,508)
Total community and economic development	<u>2,695,001</u>	<u>2,830,454</u>	<u>2,655,710</u>	<u>(174,744)</u>
Recreation and culture:				
Youth assistance	53,712	47,642	44,953	(2,689)
Historical commission	8,000	4,000	3,894	(106)
Total recreation and culture	<u>61,712</u>	<u>51,642</u>	<u>48,847</u>	<u>(2,795)</u>
Total expenditures	<u>35,272,849</u>	<u>37,159,966</u>	<u>35,717,115</u>	<u>(1,442,851)</u>
Revenues over (under) expenditures	<u>533,785</u>	<u>(1,421,093)</u>	<u>(883,461)</u>	<u>537,632</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	30,000	149,131	205,799	(56,668)
Insurance recovery	35,000	13,520	1,681	11,839
Transfers out	(350,000)	(83,000)	(25,000)	(58,000)
Total other financing sources (uses)	<u>(285,000)</u>	<u>79,651</u>	<u>182,480</u>	<u>(102,829)</u>
Net change in fund balance	248,785	(1,341,442)	(700,981)	640,461
Fund balance, beginning of year	<u>10,098,300</u>	<u>11,297,109</u>	<u>11,297,109</u>	-
Fund balance, end of year	<u>\$ 10,347,085</u>	<u>\$ 9,955,667</u>	<u>\$ 10,596,128</u>	<u>\$ 640,461</u>

concluded.

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

CITY OF NOVI, MICHIGAN

Statement of Net Position
 Proprietary Funds
 June 30, 2020

	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	\$ 4,493,472	\$ 228,184	\$ 221,691	\$ 4,943,347	\$ 53,247
Investments	43,586,719	2,171,571	1,725,391	47,483,681	50,016
Receivables:					
Taxes	226,131	-	-	226,131	-
Special assessments	886,012	-	-	886,012	-
Water and sewer billing	5,756,329	-	-	5,756,329	-
Other	-	21,428	-	21,428	97,923
Due from other governments	57,044	-	-	57,044	-
Inventory	33,452	3,220	-	36,672	-
Prepaid items and other assets	10,004,206	2,459	1,562	10,008,227	164,182
Total current assets	<u>65,043,365</u>	<u>2,426,862</u>	<u>1,948,644</u>	<u>69,418,871</u>	<u>365,368</u>
Noncurrent assets:					
Advances to other funds	10,710,000	-	-	10,710,000	-
Capital assets not being depreciated	10,742,515	409,701	1,711,247	12,863,463	-
Capital assets being depreciated, net	116,591,483	4,650,935	8,169,027	129,411,445	-
Net other postemployment benefit asset	75,123	-	-	75,123	-
Total noncurrent assets	<u>138,119,121</u>	<u>5,060,636</u>	<u>9,880,274</u>	<u>153,060,031</u>	<u>-</u>
Total assets	<u>203,162,486</u>	<u>7,487,498</u>	<u>11,828,918</u>	<u>222,478,902</u>	<u>365,368</u>
Deferred outflows of resources					
Deferred pension amounts	130,762	-	-	130,762	-
Deferred other postemployment benefit amounts	61,813	-	-	61,813	-
Total deferred outflows of resources	<u>192,575</u>	<u>-</u>	<u>-</u>	<u>192,575</u>	<u>-</u>
Liabilities					
Current liabilities:					
Accounts payable	5,509,097	64,087	137,419	5,710,603	-
Accrued salaries and wages	43,694	3,206	12,021	58,921	69,000
Other accrued liabilities	116,316	3,990	46,075	166,381	-
Refundable deposits	-	69,299	166,600	235,899	-
Unearned revenue	6,734	-	1,875	8,609	-
Current portion of long-term debt	73,775	490,000	855,000	1,418,775	-
Total current liabilities	<u>5,749,616</u>	<u>630,582</u>	<u>1,218,990</u>	<u>7,599,188</u>	<u>69,000</u>
Noncurrent liabilities:					
Long-term debt, net of current portion	-	1,505,000	4,720,000	6,225,000	-
Net pension liability	1,582,373	-	-	1,582,373	-
Total noncurrent liabilities	<u>1,582,373</u>	<u>1,505,000</u>	<u>4,720,000</u>	<u>7,807,373</u>	<u>-</u>
Total liabilities	<u>7,331,989</u>	<u>2,135,582</u>	<u>5,938,990</u>	<u>15,406,561</u>	<u>69,000</u>
Deferred inflows of resources					
Deferred pension amounts	22,392	-	-	22,392	-
Deferred other postemployment benefit amounts	143,982	-	-	143,982	-
Total deferred inflows of resources	<u>166,374</u>	<u>-</u>	<u>-</u>	<u>166,374</u>	<u>-</u>
Net position					
Net investment in capital assets	127,333,998	3,065,636	4,305,274	134,704,908	-
Unrestricted	68,522,700	2,286,280	1,584,654	72,393,634	296,368
Total net position	<u>\$ 195,856,698</u>	<u>\$ 5,351,916</u>	<u>\$ 5,889,928</u>	<u>\$ 207,098,542</u>	<u>\$ 296,368</u>

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, 2020

Net position - enterprise funds	\$ 207,098,542
Amounts reported for <i>business-type activities</i> 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.	<u>21,729</u>
Net position of business-type activities	<u><u>\$ 207,120,271</u></u>

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, 2020

	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	\$ 11,880,613	\$ -	\$ -	\$ 11,880,613	\$ -
Sewage disposal charges	11,772,938	-	-	11,772,938	-
Concession sales	-	74,291	-	74,291	-
Installation fees	364,758	-	-	364,758	-
Rentals and other	14,580	1,477,180	2,100,477	3,592,237	-
Insurance	-	-	-	-	1,454,989
Fines and forfeitures	205,443	-	-	205,443	-
Other	73,814	12,000	3,195	89,009	-
Total operating revenues	24,312,146	1,563,471	2,103,672	27,979,289	1,454,989
Operating expenses					
Water	9,105,854	-	-	9,105,854	-
Sewage treatment	10,374,082	-	-	10,374,082	-
Maintenance and operation	1,771,622	551,985	402,418	2,726,025	-
Depreciation	4,235,570	312,575	450,898	4,999,043	-
Salaries and fringes	1,447,586	-	-	1,447,586	1,158,670
Professional services	-	649,558	422,218	1,071,776	-
Supplies and other	656,664	-	-	656,664	-
Total operating expenses	27,591,378	1,514,118	1,275,534	30,381,030	1,158,670
Operating income (loss)	(3,279,232)	49,353	828,138	(2,401,741)	296,319
Nonoperating revenues (expenses)					
Interest income	1,779,947	69,378	36,765	1,886,090	49
Interest and fiscal charges	-	(58,880)	(132,705)	(191,585)	-
Total nonoperating revenues (expenses)	1,779,947	10,498	(95,940)	1,694,505	49
Income (loss) before capital contributions and transfers	(1,499,285)	59,851	732,198	(707,236)	296,368
Capital contributions					
Intergovernmental -					
Federal grants	57,044	-	-	57,044	-
Lines donated by developers and others	1,749,645	-	-	1,749,645	-
Customer assessments - tap fees	1,745,872	-	-	1,745,872	-
Total capital contributions	3,552,561	-	-	3,552,561	-
Transfers in	2,661,260	-	-	2,661,260	-
Change in net position	4,714,536	59,851	732,198	5,506,585	296,368
Net position, beginning of year	191,142,162	5,292,065	5,157,730	201,591,957	-
Net position, end of year	\$ 195,856,698	\$ 5,351,916	\$ 5,889,928	\$ 207,098,542	\$ 296,368

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, 2020

Net change in net position - total enterprise funds	\$ 5,506,585
Amounts reported for <i>business-type activities</i> in the statement of activities are different because:	
Internal service fund is used by management to charge health insurance costs to individual funds. A portion of the net operating income attributable to those funds is reported with business-type activities.	<u>21,729</u>
Change in net position of business-type activities	<u>\$ 5,528,314</u>

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, 2020

	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	\$ 23,560,316	\$ 1,621,467	\$ 2,105,265	\$ 27,287,048	\$ 1,357,066
Cash payments for goods and services	(30,257,651)	(1,171,984)	(778,271)	(32,207,906)	(164,182)
Cash payments to employees	(1,412,421)	-	-	(1,412,421)	(1,089,670)
Net cash provided by (used in) operating activities	(8,109,756)	449,483	1,326,994	(6,333,279)	103,214
Cash flows from noncapital financing activities					
Intergovernmental -					
Federal grants	57,044	-	-	57,044	-
Transfers in	2,661,260	-	-	2,661,260	-
Net cash provided by noncapital financing activities	2,718,304	-	-	2,718,304	-
Cash flows from capital and related financing activities					
Acquisition/construction of capital assets	(8,821,254)	(130,204)	(54,301)	(9,005,759)	-
Principal paid on long-term debt	-	(500,000)	(880,000)	(1,380,000)	-
Interest paid on long-term debt	-	(58,880)	(132,705)	(191,585)	-
Customer assessments - tap fees received	1,745,872	-	-	1,745,872	-
Net cash provided by (used in) capital and related financing activities	(7,075,382)	(689,084)	(1,067,006)	(8,831,472)	-
Cash flows from investing activities					
Purchase of securities	-	-	(211,471)	(211,471)	(50,016)
Sale of securities	19,400,080	154,698	-	19,554,778	-
Interest and dividends received	1,779,947	69,378	36,765	1,886,090	49
Advances to other funds	(7,710,000)	-	-	(7,710,000)	-
Net cash provided by (used in) investing activities	13,470,027	224,076	(174,706)	13,519,397	(49,967)
Net change in cash and cash equivalents	1,003,193	(15,525)	85,282	1,072,950	53,247
Cash and cash equivalents, beginning of year	3,490,279	243,709	136,409	3,870,397	-
Cash and cash equivalents, end of year	\$ 4,493,472	\$ 228,184	\$ 221,691	\$ 4,943,347	\$ 53,247

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CITY OF NOVI, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (3,279,232)	\$ 49,353	\$ 828,138	\$ (2,401,741)	\$ 296,319
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	4,235,570	312,575	450,898	4,999,043	-
Change in assets and liabilities:					
Receivables:					
Taxes	(17,454)	-	-	(17,454)	-
Special assessments	61,808	-	-	61,808	-
Water and sewer billing	(678,532)	-	-	(678,532)	-
Other	-	59,140	2,665	61,805	(97,923)
Due from other governments	(57,044)	-	-	(57,044)	-
Inventory	-	(1,144)	-	(1,144)	-
Prepaid items and other assets	(10,004,206)	(193)	448	(10,003,951)	(164,182)
Net other postemployment benefit asset	(36,453)	-	-	(36,453)	-
Deferred outflows of resources - pension amounts	74,534	-	-	74,534	-
Deferred outflows of resources - other postemployment benefit amounts	(25,101)	-	-	(25,101)	-
Accounts payable	1,897,601	7,096	123,242	2,027,939	-
Accrued salaries and wages	2,621	-	-	2,621	69,000
Other accrued liabilities	(242,824)	(1,200)	(79,055)	(323,079)	-
Refundable deposits	-	23,856	1,730	25,586	-
Unearned revenue	(60,608)	-	(1,072)	(61,680)	-
Compensated absences	(950)	-	-	(950)	-
Net pension liability	(1,981)	-	-	(1,981)	-
Deferred inflows of resources - pension amounts	(22,391)	-	-	(22,391)	-
Deferred inflows of resources - other postemployment benefit amounts	44,886	-	-	44,886	-
Net cash provided by (used in) operating activities	<u>\$ (8,109,756)</u>	<u>\$ 449,483</u>	<u>\$ 1,326,994</u>	<u>\$ (6,333,279)</u>	<u>\$ 103,214</u>

Noncash item: During the year ended June 30, 2020, developers and others constructed water and sewer lines with an estimated value of \$1,749,645 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, 2020

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 701,898	\$ 60,887
Investments, at fair value:		
U.S. government securities	3,285,319	-
U.S. agency securities	772,164	-
Corporate bonds	722,948	-
Equities	17,455,503	-
Mutual funds	2,411,520	-
MERS Retiree Healthcare Funding Vehicle	5,973,028	-
Uncategorized	-	9,799,389
Accounts receivable	-	4,560
Total assets	31,322,380	\$ 9,864,836
Liabilities		
Accounts payable	-	\$ 681,855
Due to other governments	-	137,790
Refundable deposits	-	9,045,191
Total liabilities	-	\$ 9,864,836
Net position		
Restricted for other postemployment benefits	\$ 31,322,380	

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, 2020

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund
Additions	
Contributions -	
Employer	\$ 315,689
	<hr/>
Investment income:	
Net change in fair value of investments	949,843
Interest	565,968
Total investment income	1,515,811
Less: investment expense	(293,708)
Net investment income	1,222,103
	<hr/>
Total additions	1,537,792
	<hr/>
Deductions	
Healthcare insurance premiums	1,026,609
Administrative expense	20,774
	<hr/>
Total deductions	1,047,383
	<hr/>
Change in net position	490,409
	<hr/>
Net position, beginning of year	30,831,971
	<hr/>
Net position, end of year	\$ 31,322,380
	<hr/> <hr/>

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, 2020

	Economic Development Corporation	Corridor Improvement Authority	Totals
Assets			
Cash and cash equivalents	\$ 11,910	\$ -	\$ 11,910
Capital assets not being depreciated	35,000	2,901,173	2,936,173
Total assets	<u>46,910</u>	<u>2,901,173</u>	<u>2,948,083</u>
Liabilities			
Advance from primary government	-	2,807,507	2,807,507
Net position			
Net investment in capital assets	35,000	93,666	128,666
Unrestricted	11,910	-	11,910
Total net position	<u>\$ 46,910</u>	<u>\$ 93,666</u>	<u>\$ 140,576</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, 2020

	Economic Development Corporation	Corridor Improvement Authority	Totals
Expenses			
Corridor improvement authority	\$ -	\$ 57,097	\$ 57,097
General revenues			
Property taxes	-	150,763	150,763
Change in net position	-	93,666	93,666
Net position, beginning of year	46,910	-	46,910
Net position, end of year	\$ 46,910	\$ 93,666	\$ 140,576

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

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NOTES TO FINANCIAL STATEMENTS

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Blended Component Unit

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

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

Discretely Presented Component Units

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

The Corridor Improvement Authority of the City of Novi (the "CIA") was created by the City in January 2018 as a funding mechanism for corridor improvements on either side of Grand River Avenue from Wixom Road to Haggerty Road. A 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.

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, 2020 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*.

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.

CITY OF NOVI, MICHIGAN

Notes to 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. 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 *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.

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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Additionally, the City reports the following fund types:

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

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

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

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

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

Retiree health care plan trust fund accumulates resources for future retiree healthcare payments to retirees.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and/or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They primarily hold deposits from builders and developers and tax remittances due to schools and other governmental units.

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

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

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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

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, 2020, the allowance for uncollectible accounts was \$0, as the City expects 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."

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

Inventory and Prepaid Items and Other Assets

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

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

Capital Assets

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

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

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

Unearned Revenue

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

Compensated Absences

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

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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Deferred Inflows of Resources

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

Fund Balances

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

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

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

Interfund Transactions

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Pensions and Other Postemployment Benefits

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

Special Assessments

Special assessments, if any, are recorded as revenues in the fund financial statements when due, not when levied. Estimated annual installments not yet available are reflected as deferred inflows of resources in the governmental fund financial statements and as revenues in the government-wide financial statements. Special assessments are billed July 1 and are due and payable August 31 with the rest of the 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 2019 property tax revenue was levied and collectible on July 1, 2019 and is recognized as revenue in the year ended June 30, 2020 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	4.7755	\$ 18,396,400
Police and fire supplemental millage	1.3590	5,254,600
Parks and recreation operations	0.3668	1,413,900
Library operations	0.7342	2,830,300
Street maintenance operations	1.4273	5,501,700
Drains maintenance operations	0.5583	2,154,700
Debt levies for library	0.3471	1,338,600
Capital improvements	0.9565	3,695,300
Economic development	0.0129	49,700
		<u>\$ 40,635,200</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

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 trust or agency, internal service, enterprise, debt service or capital project funds, these funds have an adopted budget for information and expenditure tracking purposes only.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

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, 2020, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Fund / Department	Final Budget	Actual	Over Budget
General fund			
Current:			
General government:			
City attorney, insurance, and claims	\$ 682,898	\$ 696,458	\$ 13,560
City clerk	978,860	1,021,388	42,528

The two departments noted that were over budget were specifically related to unbudgeted, required expenditures related to the COVID-19 pandemic. Legal fees were incurred specifically related to ensuring City compliance with state and federal mandates related to the COVID-19 pandemic. In addition, the City had to purchase two high speed voting tabulators to address the significant increase in absentee ballots.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Deficit Fund Equity

At year end, the City reported unrestricted fund balance deficits in the Capital Improvement Program Capital Projects Fund and the nonmajor Community Development Block Grant Fund of \$11,126,175 and \$48,291 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, 2019 and will be updating the plan based on the final June 30, 2020 audit. The deficit in the Community Development Block Grant Fund was equal to the revenues deferred as a result of receivables collected outside of the period of availability.

State Construction Code Act

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

Shortfall at July 1, 2019	\$ (2,243,106)
Current year building permit revenue	1,948,481
Related costs	<u>(2,397,366)</u>
Cumulative shortfall at June 30, 2020	<u><u>\$ (2,691,991)</u></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, 2020:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	\$ 6,644,004	\$ 11,910	\$ 6,655,914
Investments	86,743,086	-	86,743,086
Statement of fiduciary net position			
Postemployment benefits -			
Retiree healthcare benefits trust funds:			
Cash and cash equivalents	701,898	-	701,898
Investments	30,620,482	-	30,620,482
Agency funds -			
Cash and cash equivalents	60,887	-	60,887
Investments	9,799,389	-	9,799,389
Total	\$ 134,569,746	\$ 11,910	\$ 134,581,656
Deposits and investments			
Bank deposits:			
Checking / savings accounts			\$ 6,767,604
Certificates of deposit			13,180,508
Portfolio cash - Retiree Health Care Benefits Trust Fund			646,340
Investments:			
City pool			83,361,967
Retiree Health Care Benefits Trust Fund			30,620,482
Cash on hand			4,755
Total			\$ 134,581,656

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, 2020, \$18,376,784 of the City's bank balance of \$20,696,366 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, 2020, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk were exposed to risk since the securities are held in the City's name by the counterparty.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

	City	Retiree Health Care Benefits Trust Fund
U.S. government securities	\$ -	\$ 3,285,319
U.S. agency securities	-	772,164
Corporate bonds	-	722,948
Municipal bonds	29,466,279	-
Equities	-	17,455,503
Mutual funds	-	2,411,520
Commercial paper	16,844,118	-
MERS Retiree Healthcare Funding Vehicle	-	5,973,028
Bank investment pool - Oakland County	37,051,570	-
Total investments	<u>\$ 83,361,967</u>	<u>\$ 30,620,482</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	\$ -	\$ 85,580
Standard & Poor's AA+	1,667,111	-
Standard & Poor's AA	3,719,852	-
Standard & Poor's AA-	5,845,908	58,349
Standard & Poor's A+	1,116,346	-
Standard & Poor's A	897,128	-
Standard & Poor's A-	724,735	249,792
Standard & Poor's BBB+	-	217,748
Standard & Poor's BBB	2,030,690	66,131
Standard & Poor's BB+	-	45,347
Standard & Poor's A1+	3,517,395	-
Standard & Poor's A1	1,999,810	-
Standard & Poor's A2	14,844,309	-
Moody's Aaa	398,213	-
Moody's Aa1	6,754,958	-
Moody's Aa2	1,002,610	-
Moody's A1	203,445	-
Unrated	553,118	4,057,484
Not subject to credit risk	38,086,339	25,840,051
	<u>\$ 83,361,967</u>	<u>\$ 30,620,482</u>
Total investments		

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, 2020, maturities of the City's investments were as follows:

	City	Retiree Health Care Benefits Trust Fund
Less than 1 year	\$ 26,513,920	\$ -
1 - 5 years	14,947,215	2,746,689
6 - 10 years	2,427,693	941,297
More than 10 years	421,577	1,092,445
No maturity	39,051,562	25,840,051
	<u>\$ 83,361,967</u>	<u>\$ 30,620,482</u>
Total		

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, 2020, the investment portfolio was concentrated as follows:

Investment Type	Issuer	Percentage of Portfolio	
		City	Retiree Health Care Benefits Trust Fund
MERS Retiree Healthcare Funding Vehicle	MERS	N/A	19.5%
Bank investment pool - Oakland County	Oakland County	44.5%	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, 2020:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ 3,285,319	\$ -	\$ -	\$ 3,285,319
U.S. agency securities	246,514	525,650	-	772,164
Corporate bonds	-	722,948	-	722,948
Municipal bonds	-	29,466,279	-	29,466,279
Equities	17,455,503	-	-	17,455,503
Mutual funds	-	2,411,520	-	2,411,520
Commercial paper	-	16,844,118	-	16,844,118
MERS Retiree Healthcare Funding Vehicle	5,973,028	-	-	5,973,028
Bank investment pool - Oakland County	37,051,570	-	-	37,051,570
	<u>\$ 64,011,934</u>	<u>\$ 49,970,515</u>	<u>\$ -</u>	<u>\$ 113,982,449</u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Taxes receivable	\$ -	\$ 226,131
Special assessments receivable	-	886,012
Water and sewer billing receivable	-	5,756,329
Accrued interest receivable	304,680	-
Other receivables	630,653	21,428
Due from other governments	2,499,984	57,044
Advances to other governments	381,259	-
	<u>\$ 3,816,576</u>	<u>\$ 6,946,944</u>
Amount not expected to be collected within one year	<u>\$ 381,259</u>	<u>\$ 790,292</u>

Advances to other governments represent advance funding provided to the County for the concrete reconstruction of the intersection of 12 Mile Road and Novi Road. The City expects to receive this amount in fiscal 2021/2022.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 6,049,330	\$ 5,710,603
Accrued salaries and wages	1,235,720	58,921
Other accrued liabilities	744,022	166,381
Accrued interest payable	84,451	-
Claims and judgments payable	58,225	-
	<u>\$ 8,171,748</u>	<u>\$ 5,935,905</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 21,401	\$ -
Nonmajor governmental funds	-	21,401
	<u>21,401</u>	<u>21,401</u>
Total	<u>\$ 21,401</u>	<u>\$ 21,401</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.

Interfund balances are comprised of the following at year-end:

	Advances to Other Funds	Advances from Other Funds
Capital improvement program capital projects fund	\$ -	\$ 10,710,000
Water and sewer enterprise fund	10,710,000	-
	<u>10,710,000</u>	<u>10,710,000</u>
Total	<u>\$ 10,710,000</u>	<u>\$ 10,710,000</u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

	Advances to Component Unit	Advances from Primary Government
Nonmajor governmental funds	\$ 2,807,507	\$ -
Corridor improvement authority	-	2,807,507
Total	\$ 2,807,507	\$ 2,807,507

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
	Capital Improvement Program	Nonmajor Funds	Water and Sewer Enterprise Fund	
General fund	\$ -	\$ 25,000	\$ -	\$ 25,000
Capital improvement program	-	-	2,661,260	2,661,260
Nonmajor governmental funds	85,402	6,231,927	-	6,317,329
	\$ 85,402	\$ 6,256,927	\$ 2,661,260	\$ 9,003,589

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

The transfer between the major street fund (a nonmajor special revenue fund) and the local street fund (a nonmajor special revenue fund) was allowable per Act 51. The transfer between the municipal streets fund (a nonmajor special revenue fund) and the local streets fund (a nonmajor special revenue fund) was to fund current and future street improvement projects. The transfer between the general fund and the parks, recreation and cultural services fund (a nonmajor special revenue fund) was to subsidize for older adult transportation rides within the city limits. The transfer between the perpetual drain fund (a nonmajor permanent fund) and the drain fund (a nonmajor special revenue fund) was to fund current and future drain improvement projects. The transfer between the capital improvement program fund (a major capital projects fund) and the drain fund (a nonmajor special revenue fund) was to help fund the Drain Fund's share of the new Department of Public Works building. The transfer between the capital improvement program fund (a major capital projects fund) and the water and sewer enterprise fund was to return the water and sewer fund's calculated portion of the new Department of Public Works building. The water and sewer fund will be capitalizing it's portion of the building.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 32,878,399	\$ 1,019,744	\$ -	\$ -	\$ 33,898,143
Construction in progress	21,104,221	10,956,400	-	(2,900,143)	29,160,478
	<u>53,982,620</u>	<u>11,976,144</u>	<u>-</u>	<u>(2,900,143)</u>	<u>63,058,621</u>
Capital assets being depreciated:					
Roads	141,314,839	3,290,007	(6,167,888)	937,332	139,374,290
Nonmotorized pathway improvements	12,738,757	56,681	(9,540)	9,700	12,795,598
Bridges	2,256,131	-	-	-	2,256,131
Drains	18,990,119	458,802	(1,827,203)	77,560	17,699,278
Buildings and Improvements	48,465,354	-	(528,662)	-	47,936,692
Machinery and equipment	19,588,678	2,265,607	(515,867)	-	21,338,418
Land improvements	2,658,969	1,508,376	-	1,875,551	6,042,896
Library books	3,813,995	367,136	(383,299)	-	3,797,832
	<u>249,826,842</u>	<u>7,946,609</u>	<u>(9,432,459)</u>	<u>2,900,143</u>	<u>251,241,135</u>
Less accumulated depreciation for:					
Roads	(76,240,887)	(5,542,094)	6,167,888	-	(75,615,093)
Nonmotorized pathway improvements	(4,785,353)	(566,433)	9,540	-	(5,342,246)
Bridges	(1,413,647)	(88,275)	-	-	(1,501,922)
Drains	(11,149,548)	(707,970)	1,827,203	-	(10,030,315)
Buildings and Improvements	(21,555,490)	(1,224,853)	298,380	-	(22,481,963)
Machinery and equipment	(13,789,004)	(1,428,114)	515,867	-	(14,701,251)
Land improvements	(231,385)	(241,716)	-	-	(473,101)
Library books	(1,228,543)	(258,545)	383,299	-	(1,103,789)
	<u>(130,393,857)</u>	<u>(10,058,000)</u>	<u>9,202,177</u>	<u>-</u>	<u>(131,249,680)</u>
Total capital assets being depreciated, net	<u>119,432,985</u>	<u>(2,111,391)</u>	<u>(230,282)</u>	<u>2,900,143</u>	<u>119,991,455</u>
Governmental activities capital assets, net	<u>\$ 173,415,605</u>	<u>\$ 9,864,753</u>	<u>\$ (230,282)</u>	<u>\$ -</u>	<u>\$ 183,050,076</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	2,608,301	8,491,972	-	(509,066)	10,591,207
	<u>4,880,557</u>	<u>8,491,972</u>	<u>-</u>	<u>(509,066)</u>	<u>12,863,463</u>
Capital assets being depreciated:					
Water and sewer distribution systems	194,869,921	1,830,357	(3,099,293)	509,066	194,110,051
Buildings and Improvements	29,728,617	90,763	(1,066,869)	-	28,752,511
Machinery and equipment	3,028,270	342,312	(40,670)	-	3,329,912
Land improvements	1,280,465	-	-	-	1,280,465
	<u>228,907,273</u>	<u>2,263,432</u>	<u>(4,206,832)</u>	<u>509,066</u>	<u>227,472,939</u>
Less accumulated depreciation for:					
Water and sewer distribution systems	(82,392,324)	(3,874,515)	3,099,293	-	(83,167,546)
Buildings and Improvements	(12,722,164)	(801,450)	1,066,869	-	(12,456,745)
Machinery and equipment	(1,993,624)	(261,421)	40,670	-	(2,214,375)
Land improvements	(161,171)	(61,657)	-	-	(222,828)
	<u>(97,269,283)</u>	<u>(4,999,043)</u>	<u>4,206,832</u>	<u>-</u>	<u>(98,061,494)</u>
Total capital assets being depreciated, net	<u>131,637,990</u>	<u>(2,735,611)</u>	<u>-</u>	<u>509,066</u>	<u>129,411,445</u>
Business-type activities capital assets, net	<u>\$ 136,518,547</u>	<u>\$ 5,756,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,274,908</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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Corridor Improvement Authority					
Capital assets not being depreciated -					
Construction in progress	\$ -	\$ 2,901,173	\$ -	\$ -	\$ 2,901,173

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 532,922
Public safety	970,262
Public works	7,509,154
Community and economic development	54,441
Recreation and culture	991,221
Total governmental activities	\$ 10,058,000

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

Water and sewer	\$ 4,235,570
Ice arena	312,575
Senior housing	450,898
Total business-type activities	\$ 4,999,043

Construction commitments consisted of the following at June 30, 2020:

Governmental activities:	
Sidewalks and pathways	\$ 242,566
Bridges	121,479
Street construction	2,868,123
Traffic signal	92,043
Land improvements	1,556,653
Building and improvements	140,505
Drains	52,299
	\$ 5,073,668
Business-type activities	
Water and sewer	\$ 2,958,062

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2020:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds					
2008 Unlimited Tax Library Bonds, installments of \$750,000 to \$765,000 through October 1, 2020, interest at 4.00% to 5.00%	\$ 1,515,000	\$ -	\$ (750,000)	\$ 765,000	\$ 765,000
2016 Unlimited Tax Library Refunding Bonds, installments of \$265,000 to \$1,390,000 through October 1, 2026, interest at 2.0% to 4.0%	8,165,000	-	(265,000)	7,900,000	305,000
Total governmental activities general obligation bonds	9,680,000	-	(1,015,000)	8,665,000	1,070,000
Unamortized premium					
2016 Unlimited Tax Library Refunding Bonds	896,211	-	(128,030)	768,181	128,030
Compensated absences	2,288,506	2,306,035	(2,030,446)	2,564,095	2,051,276
Total governmental activities	\$ 12,864,717	\$ 2,306,035	\$ (3,173,476)	\$ 11,997,276	\$ 3,249,306

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
General obligation bonds					
2014 Ice Arena Refunding Bonds, installments of \$485,000 to \$520,000 through June 1, 2024, interest at 2.4%					
	\$ 2,495,000	\$ -	\$ (500,000)	\$ 1,995,000	\$ 490,000
2015 Senior Complex Recreation Facility Refunding Bonds, installments of \$850,000 to \$1,020,000 through October 1, 2025, interest at 2.29%					
	6,455,000	-	(880,000)	5,575,000	855,000
Total business-type activities general obligation bonds	8,950,000	-	(1,380,000)	7,570,000	1,345,000
Compensated absences	74,725	53,234	(54,184)	73,775	73,775
Total business-type activities	\$ 9,024,725	\$ 53,234	\$ (1,434,184)	\$ 7,643,775	\$ 1,418,775

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,070,000	\$ 314,100	\$ 1,345,000	\$ 165,758
2022	1,135,000	267,700	1,350,000	134,476
2023	1,195,000	221,100	1,355,000	102,782
2024	1,240,000	172,400	1,500,000	69,959
2025	1,295,000	121,700	1,000,000	34,808
2026-2027	2,730,000	103,500	1,020,000	11,679
	\$ 8,665,000	\$ 1,200,500	\$ 7,570,000	\$ 519,462

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

9. RISK MANAGEMENT

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

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

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

	Fiscal Year Ended June 30,	
	2020	2019
Estimated liability, beginning of year	\$ 147,437	\$ 285,238
Estimated claims incurred, including changes in estimates	(3,678)	(13,481)
Claim payments	<u>(85,534)</u>	<u>(124,320)</u>
Estimated liability, end of year	<u>\$ 58,225</u>	<u>\$ 147,437</u>

10. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of the date they are levied. City, county operating, ISD, community college, and 50% of school taxes are levied and due July 1 and become delinquent after August 31. Non-operating county taxes and the balance of school taxes are levied and due December 1 and become delinquent after February 14. In March, taxes on real property still delinquent are purchased by the County's tax revolving funds. Collections of ISD, community college, school, and county taxes and remittances are accounted for in the tax agency 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, 2020 was \$4.7755 per \$1,000 of taxable value.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

11. TAX ABATEMENTS

The City received reduced property tax revenues during fiscal year 2020 as a result of industrial facilities tax exemptions (IFT's) 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 \$245,000 in reduced City tax revenues for fiscal year 2020.

12. PENSION PLAN - AGENT MULTIPLE-EMPLOYER PLAN

General Information About the Plan

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

Employees Covered by Benefit Terms. At the December 31, 2019 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	209
Inactive employees entitled to but not yet receiving benefits	71
Active employees	<u>133</u>
Total membership	<u><u>413</u></u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Contributions and Benefits Provided

Employer and employee contribution amounts or rates and benefits provided, by division/bargaining unit, were as follows for the year ended June 30, 2020:

- *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, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent actuarial experience study of 2009-2013. The changes in assumptions included in the valuation included a reduction in the assumed investment rate of return net of administrative expenses from 7.75% to 7.35% and a decrease in the assumed wage inflation rate from 3.75% to 3.00%.

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

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

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2019 was 7.6% (down from 8.0% at December 31, 2018). 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, 2018	\$ 101,328,457	\$ 61,719,599	\$ 39,608,858
Changes for the year:			
Service cost	1,197,540	-	1,197,540
Interest	7,897,801	-	7,897,801
Differences between expected and actual experience	617,296	-	617,296
Changes in assumptions	3,298,884	-	3,298,884
Employer contributions	-	4,359,997	(4,359,997)
Employee contributions	-	520,863	(520,863)
Net investment income	-	8,323,727	(8,323,727)
Benefit payments, including refunds of employee contributions	(6,409,461)	(6,409,461)	-
Administrative expense	-	(143,529)	143,529
Net changes	<u>6,602,060</u>	<u>6,651,597</u>	<u>(49,537)</u>
Balances at December 31, 2019	<u>\$ 107,930,517</u>	<u>\$ 68,371,196</u>	<u>\$ 39,559,321</u>

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

1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
\$ 51,715,915	\$ 39,559,321	\$ 29,290,804

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, 2020, the City recognized pension expense of \$5,642,436. 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	\$ 411,531	\$ 559,794	\$ (148,263)
Changes in assumptions	2,199,256	-	2,199,256
Net difference between projected and actual earnings on pension plan investments	297,365	-	297,365
	<u>2,908,152</u>	<u>559,794</u>	<u>2,348,358</u>
Contributions subsequent to the measurement date	360,905	-	360,905
	<u>360,905</u>	<u>-</u>	<u>360,905</u>
Total	<u>\$ 3,269,057</u>	<u>\$ 559,794</u>	<u>\$ 2,709,263</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, 2021. 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
2021	\$ 621,436
2022	1,550,555
2023	866,975
2024	<u>(690,608)</u>
Total	<u>\$ 2,348,358</u>

Payable to the Pension Plan. At June 30, 2020, the City had \$95,701 payable for contributions to the pension plan.

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

13. DEFINED CONTRIBUTION PENSION PLAN

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

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

All contributions are remitted to a third-party plan administrator. The DC plan maintains a schedule of vesting with the participants becoming fully vested upon completion of seven years of continuous service. The contribution requirements of plan members are established and may be amended by the City Council in accordance with city policies, union contracts, and MERS plan provisions. There were 143 members participating in the DC plan as of June 30, 2020. During the year ended June 30, 2020, the City contributed \$652,548 to the plan.

14. POSTEMPLOYMENT HEALTH BENEFITS

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

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

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

Plans Membership. Membership of the plans consisted of the following at June 30, 2020:

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

Contributions. The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City’s Retiree Health Care Benefits Trust fund. Plan participants are required to make co-payments, as noted above. For the year ended June 30, 2020, employer contributions totaled \$315,689, which includes the implicit rate subsidy of \$38,451.

Actuarial Assumptions. The total other postemployment liability was determined by respective actuarial valuations as of June 30, 2019 (and rolled forward to June 30, 2020), using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

In the current year, changes in assumptions included 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.

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, 2020 (see the discussion below of the investment allocation policy) are summarized in the following table:

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

Rate of Return. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 3.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) (a) - (b)
Balances at June 30, 2019	\$ 29,542,965	\$ 30,831,971	\$ (1,289,006)
Changes for the year:			
Service cost	359,236	-	359,236
Interest	2,117,673	-	2,117,673
Differences between expected and actual experience	(3,397,416)	-	(3,397,416)
Changes of assumptions	1,222,422	-	1,222,422
Employer contributions	-	315,689	(315,689)
Net investment income	-	1,222,103	(1,222,103)
Benefit payments, including refunds of employee contributions	(1,026,609)	(1,026,609)	-
Administrative expense	-	(20,774)	20,774
Net changes	(724,694)	490,409	(1,215,103)
Balances at June 30, 2020	\$ 28,818,271	\$ 31,322,380	\$ (2,504,109)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net OPEB liability (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%)
\$ 1,256,356	\$ (2,504,109)	\$ (5,635,570)

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 rate of 8.25% graded down to 3.50% over ten years, 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 (7.25% graded down to 2.50% over ten years) or 1% higher (9.25% graded down to 4.50% over ten years) than the current rate:

1% Decrease (7.25% graded down to 2.50%)	Current Healthcare Cost Trend Rate (8.25% graded down to 3.50%)	1% Increase (9.25% graded down to 4.50%)
\$ (6,111,374)	\$ (2,504,109)	\$ 1,891,783

Other postemployment benefit expense and deferred outflows/inflows of resources related to other postemployment benefits. For the year ended June 30, 2020, the City recognized other postemployment benefit expense of \$(239,938). At June 30, 2020, 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	\$ -	\$ 4,799,401	\$ (4,799,401)
Changes in assumptions	1,912,572	-	1,912,572
Net difference between projected and actual earnings on other postemployment benefit plan investments	147,864	-	147,864
	<u>\$ 2,060,436</u>	<u>\$ 4,799,401</u>	<u>\$ (2,738,965)</u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Amount
2021	\$ (833,182)
2022	(833,183)
2023	(669,190)
2024	(322,957)
2025	<u>(80,453)</u>
	<u>\$ (2,738,965)</u>

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2020, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 63,058,621	\$ 12,863,463	\$ 2,936,173
Capital assets being depreciated, net	<u>119,991,455</u>	<u>129,411,445</u>	<u>-</u>
	<u>183,050,076</u>	<u>142,274,908</u>	<u>2,936,173</u>
Related debt:			
Bonds payable	8,665,000	7,570,000	-
Unamortized bond premium	768,181	-	-
Advance from primary government	-	-	2,807,507
Less unamortized deferred charge on refunding	<u>(549,476)</u>	<u>-</u>	<u>-</u>
	<u>8,883,705</u>	<u>7,570,000</u>	<u>2,807,507</u>
Net investment in capital assets	<u>\$ 174,166,371</u>	<u>\$ 134,704,908</u>	<u>\$ 128,666</u>

16. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.



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

See notes to required supplementary information.



Year Ended June 30,		
2017	2016	2015

\$ 1,279,328	\$ 1,402,754	\$ 1,495,687
7,325,066	6,983,009	6,687,807
-	23,615	-
248,579	301,433	-
-	3,305,619	-
<u>(5,335,884)</u>	<u>(4,731,967)</u>	<u>(4,385,711)</u>
3,517,089	7,284,463	3,797,783
<u>93,591,608</u>	<u>86,307,145</u>	<u>82,509,362</u>
<u>97,108,697</u>	<u>93,591,608</u>	<u>86,307,145</u>
3,115,902	3,024,626	3,648,998
602,714	652,652	712,076
6,176,312	(898,140)	3,399,244
<u>(5,335,884)</u>	<u>(4,731,967)</u>	<u>(4,385,711)</u>
<u>(122,174)</u>	<u>(124,928)</u>	<u>(126,196)</u>
4,436,870	(2,077,757)	3,248,411
<u>54,990,980</u>	<u>57,068,737</u>	<u>53,820,326</u>
<u>59,427,850</u>	<u>54,990,980</u>	<u>57,068,737</u>
<u>\$37,680,847</u>	<u>\$38,600,628</u>	<u>\$29,238,408</u>

61.2%	58.8%	66.1%
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\$10,614,530	\$11,371,927	\$12,101,246
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355.0%	339.4%	241.6%
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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
6/30/2020	\$ 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,			
	2020	2019	2018	2017
Change in total other postemployment benefit liability				
Service cost	\$ 359,236	\$ 416,798	\$ 372,847	\$ 440,432
Interest	2,117,673	2,017,676	2,136,783	2,030,554
Differences between expected and actual experience	(3,397,416)	(15,504)	(4,022,732)	(86,522)
Changes of assumptions	1,222,422	-	1,819,912	-
Benefit payments, including refunds of member contributions	(1,026,609)	(995,230)	(948,145)	(885,353)
Other changes	-	(35,068)	-	-
Net change in total other postemployment benefit liability	<u>(724,694)</u>	<u>1,388,672</u>	<u>(641,335)</u>	<u>1,499,111</u>
Total other postemployment benefit liability, beginning	<u>29,542,965</u>	<u>28,154,293</u>	<u>28,795,628</u>	<u>27,296,517</u>
Total other postemployment benefit liability, ending (a)	<u>28,818,271</u>	<u>29,542,965</u>	<u>28,154,293</u>	<u>28,795,628</u>
Change in plan fiduciary net position				
Contributions - employer	315,689	363,994	613,678	617,207
Net investment income	1,222,103	2,224,284	2,845,010	3,399,591
Benefit payments, including refunds of member contributions	(1,026,609)	(995,230)	(948,145)	(885,353)
Administrative expense	(20,774)	(293,629)	(293,400)	(245,933)
Other	-	-	244	-
Net change in plan fiduciary net position	<u>490,409</u>	<u>1,299,419</u>	<u>2,217,387</u>	<u>2,885,512</u>
Plan fiduciary net position, beginning	<u>30,831,971</u>	<u>29,532,552</u>	<u>27,315,165</u>	<u>24,429,653</u>
Plan fiduciary net position, ending (b)	<u>31,322,380</u>	<u>30,831,971</u>	<u>29,532,552</u>	<u>27,315,165</u>
City's net other postemployment benefit liability (asset), ending (a)-(b)	<u>\$ (2,504,109)</u>	<u>\$ (1,289,006)</u>	<u>\$ (1,378,259)</u>	<u>\$ 1,480,463</u>
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	108.69%	104.36%	104.90%	94.86%
Covered payroll	\$ 9,388,956	\$ 10,505,955	\$ 10,800,824	\$ 10,711,843
City's net other postemployment benefit liability (asset) as a percentage of covered payroll	-26.67%	-12.27%	-12.76%	13.82%

See notes to required supplementary information.

CITY OF NOVI, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of City Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2020	\$ 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
6/30/2020	3.35%
6/30/2019	6.81%
6/30/2018	8.99%
6/30/2017	12.20%

See notes to required supplementary information.

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

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	\$ 23,893,702	\$ 23,662,729	\$ 23,576,899	\$ (85,830)
Trailer fees	11,500	11,500	10,845	(655)
Penalties and interest	160,000	215,000	214,564	(436)
Licenses, permits, and charges for services	4,777,604	4,397,604	3,928,932	(468,672)
Intergovernmental:				
Federal grants	65,000	949,345	211,504	(737,841)
State grants	4,897,925	4,425,072	4,950,509	525,437
Fines and forfeitures	525,000	375,000	326,297	(48,703)
Investment income	747,033	1,126,669	1,020,846	(105,823)
Donations	1,000	5,735	5,732	(3)
Other	727,870	570,219	587,526	17,307
Total revenues	35,806,634	35,738,873	34,833,654	(905,219)
Expenditures				
Current:				
General government:				
City council:				
Personnel services	36,130	36,940	36,934	(6)
Supplies	200	460	231	(229)
Other services and charges	11,900	129,060	46,708	(82,352)
Total city council	48,230	166,460	83,873	(82,587)
City manager:				
Personnel services	546,239	558,077	552,130	(5,947)
Supplies	1,500	930	927	(3)
Other services and charges	119,170	152,047	131,075	(20,972)
Total city manager	666,909	711,054	684,132	(26,922)
Finance:				
Personnel services	926,304	825,729	805,836	(19,893)
Supplies	9,000	9,200	6,274	(2,926)
Other services and charges	76,350	56,995	55,446	(1,549)
Total finance	1,011,654	891,924	867,556	(24,368)
Treasury:				
Personnel services	275,279	277,269	263,556	(13,713)
Supplies	28,500	26,233	27,596	1,363
Other services and charges	41,350	38,352	34,531	(3,821)
Total treasury	345,129	341,854	325,683	(16,171)

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (continued):				
Integrated solutions:				
Personnel services	\$ 801,088	\$ 836,060	\$ 818,938	\$ (17,122)
Supplies	74,110	73,265	65,313	(7,952)
Other services and charges	370,280	430,523	420,625	(9,898)
Capital outlay	59,350	28,000	27,975	(25)
Total integrated solutions	<u>1,304,828</u>	<u>1,367,848</u>	<u>1,332,851</u>	<u>(34,997)</u>
Assessing:				
Personnel services	627,434	673,687	655,677	(18,010)
Supplies	18,000	17,400	15,664	(1,736)
Other services and charges	218,910	120,408	114,531	(5,877)
Total assessing	<u>864,344</u>	<u>811,495</u>	<u>785,872</u>	<u>(25,623)</u>
City attorney, insurance, and claims:				
Other services and charges	772,898	672,171	685,714	13,543
Capital outlay	50,000	10,727	10,744	17
Total city attorney, insurance, and claims	<u>822,898</u>	<u>682,898</u>	<u>696,458</u>	<u>13,560</u>
City clerk:				
Personnel services	623,535	667,023	651,996	(15,027)
Supplies	39,000	81,015	74,924	(6,091)
Other services and charges	179,580	186,605	183,322	(3,283)
Capital outlay	41,700	44,217	111,146	66,929
Total city clerk	<u>883,815</u>	<u>978,860</u>	<u>1,021,388</u>	<u>42,528</u>
Facility management:				
Personnel services	322,085	359,699	355,871	(3,828)
Supplies	18,500	43,668	43,355	(313)
Other services and charges	618,030	656,523	641,909	(14,614)
Capital outlay	231,830	244,835	98,567	(146,268)
Total facility management	<u>1,190,445</u>	<u>1,304,725</u>	<u>1,139,702</u>	<u>(165,023)</u>
Park maintenance:				
Personnel services	514,729	513,335	492,329	(21,006)
Supplies	23,500	24,100	22,207	(1,893)
Other services and charges	320,340	347,309	332,921	(14,388)
Capital outlay	43,700	274,474	274,471	(3)
Total park maintenance	<u>902,269</u>	<u>1,159,218</u>	<u>1,121,928</u>	<u>(37,290)</u>
Human resources:				
Personnel services	383,576	415,803	407,183	(8,620)
Supplies	1,000	1,595	1,594	(1)
Other services and charges	115,930	98,930	98,905	(25)
Total human resources	<u>500,506</u>	<u>516,328</u>	<u>507,682</u>	<u>(8,646)</u>

continued...

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (concluded):				
Community relations:				
Personnel services	\$ 322,662	\$ 349,933	\$ 337,619	\$ (12,314)
Supplies	10,900	18,255	18,251	(4)
Other services and charges	385,470	303,354	285,146	(18,208)
Total community relations	<u>719,032</u>	<u>671,542</u>	<u>641,016</u>	<u>(30,526)</u>
Economic development:				
Personnel services	153,174	19,209	19,206	(3)
Supplies	-	212	212	-
Other services and charges	28,490	37,300	37,069	(231)
Total economic development	<u>181,664</u>	<u>56,721</u>	<u>56,487</u>	<u>(234)</u>
Total general government	<u>9,441,723</u>	<u>9,660,927</u>	<u>9,264,628</u>	<u>(396,299)</u>
Public safety:				
Police:				
Personnel services	11,896,655	12,675,400	12,332,651	(342,749)
Supplies	263,890	276,280	269,761	(6,519)
Other services and charges	1,108,760	1,101,450	1,068,183	(33,267)
Capital outlay	-	40,690	40,690	-
Total police	<u>13,269,305</u>	<u>14,093,820</u>	<u>13,711,285</u>	<u>(382,535)</u>
Fire:				
Personnel services	4,933,485	5,297,905	5,212,543	(85,362)
Supplies	193,500	193,554	146,993	(46,561)
Other services and charges	608,330	712,260	663,709	(48,551)
Capital outlay	574,970	670,582	670,395	(187)
Total fire	<u>6,310,285</u>	<u>6,874,301</u>	<u>6,693,640</u>	<u>(180,661)</u>
Total public safety	<u>19,579,590</u>	<u>20,968,121</u>	<u>20,404,925</u>	<u>(563,196)</u>
Public works:				
Administration:				
Personnel services	284,644	334,318	318,795	(15,523)
Supplies	10,900	146,695	137,674	(9,021)
Other services and charges	120,540	142,613	125,225	(17,388)
Capital outlay	-	28,876	28,876	-
Total administration	<u>416,084</u>	<u>652,502</u>	<u>610,570</u>	<u>(41,932)</u>

continued...

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public works (concluded):				
Engineering:				
Personnel services	\$ 556,688	\$ 460,421	\$ 442,007	\$ (18,414)
Supplies	2,000	1,600	1,277	(323)
Other services and charges	174,100	63,365	60,777	(2,588)
Allocated to other funds	(371,784)	(371,784)	(371,784)	-
Capital outlay	25,000	55,242	55,240	(2)
Total engineering	<u>386,004</u>	<u>208,844</u>	<u>187,517</u>	<u>(21,327)</u>
Field operations:				
Personnel services	1,951,379	1,905,921	1,841,498	(64,423)
Supplies	108,500	109,934	99,584	(10,350)
Maintenance	131,980	170,630	170,630	-
Other services and charges	457,630	413,540	413,536	(4)
Allocated to other funds	(1,700,000)	(1,439,005)	(1,208,342)	230,663
Capital outlay	974,000	775,803	406,812	(368,991)
Total field operations	<u>1,923,489</u>	<u>1,936,823</u>	<u>1,723,718</u>	<u>(213,105)</u>
Fleet asset:				
Personnel services	422,826	457,118	444,572	(12,546)
Supplies	27,000	48,145	47,570	(575)
Other services and charges	354,420	289,896	273,563	(16,333)
Allocated to other funds	(35,000)	(37,095)	(37,094)	1
Capital outlay	-	92,589	92,589	-
Total fleet asset	<u>769,246</u>	<u>850,653</u>	<u>821,200</u>	<u>(29,453)</u>
Total public works	<u>3,494,823</u>	<u>3,648,822</u>	<u>3,343,005</u>	<u>(305,817)</u>
Community and economic development:				
Building:				
Personnel services	1,707,718	1,905,523	1,840,392	(65,131)
Supplies	33,200	25,120	20,953	(4,167)
Other services and charges	337,250	232,135	200,197	(31,938)
Capital outlay	24,000	80,820	80,820	-
Total building	<u>2,102,168</u>	<u>2,243,598</u>	<u>2,142,362</u>	<u>(101,236)</u>
Planning:				
Personnel services	484,123	495,448	465,065	(30,383)
Supplies	5,600	3,000	1,241	(1,759)
Other services and charges	103,110	88,408	47,042	(41,366)
Total planning	<u>592,833</u>	<u>586,856</u>	<u>513,348</u>	<u>(73,508)</u>
Total community and economic development	<u>2,695,001</u>	<u>2,830,454</u>	<u>2,655,710</u>	<u>(174,744)</u>

continued...

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Recreation and culture:				
Youth assistance:				
Personnel services	\$ 47,212	\$ 41,142	\$ 40,027	\$ (1,115)
Supplies	6,500	5,800	4,354	(1,446)
Other services and charges	-	700	572	(128)
Total youth assistance	<u>53,712</u>	<u>47,642</u>	<u>44,953</u>	<u>(2,689)</u>
Historical commission -				
Other services and charges	<u>8,000</u>	<u>4,000</u>	<u>3,894</u>	<u>(106)</u>
Total recreation and culture	<u>61,712</u>	<u>51,642</u>	<u>48,847</u>	<u>(2,795)</u>
Total expenditures	<u>35,272,849</u>	<u>37,159,966</u>	<u>35,717,115</u>	<u>(1,442,851)</u>
Revenues over (under) expenditures	<u>533,785</u>	<u>(1,421,093)</u>	<u>(883,461)</u>	<u>537,632</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	30,000	149,131	205,799	(56,668)
Insurance recovery	35,000	13,520	1,681	11,839
Transfers out	<u>(350,000)</u>	<u>(83,000)</u>	<u>(25,000)</u>	<u>(58,000)</u>
Total other financing sources (uses)	<u>(285,000)</u>	<u>79,651</u>	<u>182,480</u>	<u>(102,829)</u>
Net change in fund balance	248,785	(1,341,442)	(700,981)	640,461
Fund balance, beginning of year	<u>10,098,300</u>	<u>11,297,109</u>	<u>11,297,109</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,347,085</u>	<u>\$ 9,955,667</u>	<u>\$ 10,596,128</u>	<u>\$ 640,461</u>

concluded.

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,686,322	\$ 3,686,322	\$ 3,676,064	\$ (10,258)
Investment income	7,922	7,922	2	(7,920)
Total revenues	<u>3,694,244</u>	<u>3,694,244</u>	<u>3,676,066</u>	<u>(18,178)</u>
Expenditures				
Current:				
General government:				
Other services and charges	1,000	810	810	-
Capital outlay	-	321,409	321,408	(1)
Total general government	<u>1,000</u>	<u>322,219</u>	<u>322,218</u>	<u>(1)</u>
Public safety -				
Capital outlay	-	153,110	105,116	(47,994)
Recreation and culture -				
Capital outlay	-	11,149,854	4,865,253	(6,284,601)
Debt service:				
Principal	2,119,431	2,119,431	-	(2,119,431)
Interest and fiscal charges	565,569	568,056	232,031	(336,025)
Total expenditures	<u>2,686,000</u>	<u>14,312,670</u>	<u>5,524,618</u>	<u>(8,788,052)</u>
Revenues over (under) expenditures	<u>1,008,244</u>	<u>(10,618,426)</u>	<u>(1,848,552)</u>	<u>8,769,874</u>
Other financing sources				
Transfers in	-	781,610	85,402	(696,208)
Transfers out	-	-	(2,661,260)	2,661,260
Total other financing sources (uses)	<u>-</u>	<u>781,610</u>	<u>(2,575,858)</u>	<u>1,965,052</u>
Net change in fund balance	1,008,244	(9,836,816)	(4,424,410)	10,734,926
Fund balance (deficit), beginning of year	(20,034,045)	(6,701,765)	(6,701,765)	-
Fund balance (deficit), end of year	<u>\$ (19,025,801)</u>	<u>\$ (16,538,581)</u>	<u>\$ (11,126,175)</u>	<u>\$ 5,412,406</u>

CITY OF NOVI, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Assets					
Cash and investments	\$ 898,176	\$ 31,407	\$ 163,202	\$ 18,941	\$ 1,111,726
Investments	19,581,887	100,033	1,635,108	6,691,885	28,008,913
Receivables:					
Other	45,168	-	32,861	-	78,029
Due from other governments	941,882	-	-	-	941,882
Advances to other governments	381,259	-	-	-	381,259
Advances to component units	-	-	2,807,507	-	2,807,507
Prepaid items and other assets	1,285	458	-	-	1,743
Total assets	\$ 21,849,657	\$ 131,898	\$ 4,638,678	\$ 6,710,826	\$ 33,331,059
Liabilities					
Accounts payable	\$ 4,079,720	\$ -	\$ -	\$ -	\$ 4,079,720
Accrued salaries and wages	139,560	-	-	-	139,560
Other accrued liabilities	471,276	6,400	-	-	477,676
Refundable deposits	2,308	-	-	-	2,308
Unearned revenue	244,897	-	-	-	244,897
Due to other funds	21,401	-	-	-	21,401
Total liabilities	4,959,162	6,400	-	-	4,965,562
Deferred inflows of resources					
Unavailable revenue - grants	48,291	-	-	-	48,291
Unavailable revenue - other	59,302	-	-	-	59,302
Total deferred inflows of resources	107,593	-	-	-	107,593
Fund balances					
Nonspendable:					
Prepays	1,285	458	-	-	1,743
Endowments	-	-	-	6,710,826	6,710,826
Restricted:					
Roads	7,229,692	-	-	-	7,229,692
Public safety	197,653	-	126,783	-	324,436
Debt service	-	125,040	-	-	125,040
Infrastructure improvements	-	-	4,511,895	-	4,511,895
Parks, recreation, and cultural services	464,474	-	-	-	464,474
Library	3,987,283	-	-	-	3,987,283
Tree replacement and maintenance	4,314,495	-	-	-	4,314,495
Street lighting improvement	64,011	-	-	-	64,011
PEG access support fees	572,196	-	-	-	572,196
Unassigned (deficit)	(48,187)	-	-	-	(48,187)
Total fund balances	16,782,902	125,498	4,638,678	6,710,826	28,257,904
Total liabilities, deferred inflows of resources and fund balances	\$ 21,849,657	\$ 131,898	\$ 4,638,678	\$ 6,710,826	\$ 33,331,059

CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Revenues					
Property taxes	\$ 11,838,738	\$ 1,333,195	\$ -	\$ -	\$ 13,171,933
Special assessments	35,829	-	-	-	35,829
Licenses, permits, and charges for services	2,535,093	-	347,226	-	2,882,319
Intergovernmental:					
Federal grants	194,238	-	-	-	194,238
State-shared revenue and grants	6,119,316	-	-	-	6,119,316
Other grants	309,337	-	-	-	309,337
Fines and forfeitures	240,995	-	-	-	240,995
Investment income	585,194	101	123,607	187,491	896,393
Other:					
Local donations	214,508	-	-	-	214,508
Recreational programs	918,821	-	-	-	918,821
Miscellaneous	673,130	-	-	-	673,130
Total revenues	23,665,199	1,333,296	470,833	187,491	25,656,819
Expenditures					
Current:					
Public safety	349,580	-	-	-	349,580
Public works	15,971,248	-	2,985,405	-	18,956,653
Community and economic development	368,906	-	15,997	-	384,903
Recreation and culture	6,234,937	405	-	-	6,235,342
Debt service:					
Principal	-	1,015,000	-	-	1,015,000
Interest and fiscal charges	-	356,700	-	-	356,700
Total expenditures	22,924,671	1,372,105	3,001,402	-	27,298,178
Revenues over (under) expenditures	740,528	(38,809)	(2,530,569)	187,491	(1,641,359)
Other financing sources (uses)					
Proceeds from sale of capital assets	9,584	-	-	-	9,584
Insurance recovery	40,000	-	-	-	40,000
Transfers in	6,256,927	-	-	-	6,256,927
Transfers out	(6,057,128)	-	-	(260,201)	(6,317,329)
Total other financing sources (uses)	249,383	-	-	(260,201)	(10,818)
Net change in fund balances	989,911	(38,809)	(2,530,569)	(72,710)	(1,652,177)
Fund balances, beginning of year	15,792,991	164,307	7,169,247	6,783,536	29,910,081
Fund balances, end of year	\$ 16,782,902	\$ 125,498	\$ 4,638,678	\$ 6,710,826	\$ 28,257,904

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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.

Local 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 147.14 centerline miles of local streets. Financing is primarily provided by the City's share of state gas and weight taxes.

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

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

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

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

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

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

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

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

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.

CITY OF NOVI, MICHIGAN

■ Nonmajor Special Revenue Funds

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

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

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CITY OF NOVI, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2020

	Major Street Fund	Local Street Fund	Municipal Streets	Parks, Recreation, and Cultural Services	Tree
Assets					
Cash and cash equivalents	\$ 9,519	\$ 53,524	\$ 67,814	\$ 17,303	\$ 43,163
Investments	1,866,107	3,276,075	4,400,154	610,241	4,515,495
Receivables:					
Other	-	-	-	17,120	-
Due from other governments	606,863	212,038	-	53,691	2,209
Advances to other governments	-	-	381,259	-	-
Prepaid items and other assets	-	-	-	91	-
Total assets	\$ 2,482,489	\$ 3,541,637	\$ 4,849,227	\$ 698,446	\$ 4,560,867
Liabilities					
Accounts payable	\$ 1,279,799	\$ 1,585,920	\$ 228,227	\$ 122,079	\$ 101,087
Accrued salaries and wages	-	-	-	48,531	3,090
Other accrued liabilities	-	-	304,818	7,272	139,986
Refundable deposits	-	-	-	2,308	-
Unearned revenue	-	244,897	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	1,279,799	1,830,817	533,045	180,190	244,163
Deferred inflows of resources					
Unavailable revenue - grants	-	-	-	-	-
Unavailable revenue - other	-	-	-	53,691	2,209
Total deferred inflows of resources	-	-	-	53,691	2,209
Fund balances					
Nonspendable for prepaids	-	-	-	91	-
Restricted:					
Roads	1,202,690	1,710,820	4,316,182	-	-
Public safety	-	-	-	-	-
Parks, recreation, and cultural services	-	-	-	464,474	-
Library	-	-	-	-	-
Tree replacement and maintenance	-	-	-	-	4,314,495
Street lighting improvement	-	-	-	-	-
PEG access support fees	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	1,202,690	1,710,820	4,316,182	464,565	4,314,495
Total liabilities, deferred inflows of resources and fund balances	\$ 2,482,489	\$ 3,541,637	\$ 4,849,227	\$ 698,446	\$ 4,560,867

Drain Revenue	PEG Cable	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection	West Oak Street Lighting
\$ 95,624	\$ 419	\$ -	\$ 25,781	\$ 47,914	\$ 51,857	\$ 416,428	\$ 45,224
50,076	594,238	-	179,346	2,422,810	1,667,345	-	-
10,385	-	-	5,131	550	-	11,982	-
8,249	-	55,430	-	3,402	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,194	-	-	-
<u>\$ 164,334</u>	<u>\$ 594,657</u>	<u>\$ 55,430</u>	<u>\$ 210,258</u>	<u>\$ 2,475,870</u>	<u>\$ 1,719,202</u>	<u>\$ 428,410</u>	<u>\$ 45,224</u>
\$ 157,384	\$ 13,833	\$ 34,029	\$ 12,605	\$ 99,305	\$ 12,223	\$ 428,410	\$ 829
1,146	8,628	-	-	78,165	-	-	-
5,700	-	-	-	13,500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	21,401	-	-	-	-	-
<u>164,230</u>	<u>22,461</u>	<u>55,430</u>	<u>12,605</u>	<u>190,970</u>	<u>12,223</u>	<u>428,410</u>	<u>829</u>
-	-	48,291	-	-	-	-	-
-	-	-	-	3,402	-	-	-
-	-	48,291	-	3,402	-	-	-
-	-	-	-	1,194	-	-	-
-	-	-	-	-	-	-	-
-	-	-	197,653	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,280,304	1,706,979	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	44,395
-	572,196	-	-	-	-	-	-
104	-	(48,291)	-	-	-	-	-
<u>104</u>	<u>572,196</u>	<u>(48,291)</u>	<u>197,653</u>	<u>2,281,498</u>	<u>1,706,979</u>	<u>-</u>	<u>44,395</u>
<u>\$ 164,334</u>	<u>\$ 594,657</u>	<u>\$ 55,430</u>	<u>\$ 210,258</u>	<u>\$ 2,475,870</u>	<u>\$ 1,719,202</u>	<u>\$ 428,410</u>	<u>\$ 45,224</u>

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CITY OF NOVI, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2020

	West Lake Drive Street Lighting	Town Center Street Lighting	Total
Assets			
Cash and cash equivalents	\$ 4,138	\$ 19,468	\$ 898,176
Investments	-	-	19,581,887
Receivables:			
Other	-	-	45,168
Due from other governments	-	-	941,882
Advances to other governments	-	-	381,259
Prepaid items and other assets	-	-	1,285
Total assets	\$ 4,138	\$ 19,468	\$ 21,849,657
Liabilities			
Accounts payable	\$ 510	\$ 3,480	4,079,720
Accrued salaries and wages	-	-	139,560
Other accrued liabilities	-	-	471,276
Refundable deposits	-	-	2,308
Unearned revenue	-	-	244,897
Due to other funds	-	-	21,401
Total liabilities	510	3,480	4,959,162
Deferred inflows of resources			
Unavailable revenue - grants	-	-	48,291
Unavailable revenue - other	-	-	59,302
Total deferred inflows of resources	-	-	107,593
Fund balances			
Nonspendable for prepaids	-	-	1,285
Restricted:			
Roads	-	-	7,229,692
Public safety	-	-	197,653
Parks, recreation, and cultural services	-	-	464,474
Library	-	-	3,987,283
Tree replacement and maintenance	-	-	4,314,495
Street lighting improvement	3,628	15,988	64,011
PEG access support fees	-	-	572,196
Unassigned (deficit)	-	-	(48,187)
Total fund balances (deficits)	3,628	15,988	16,782,902
Total liabilities, deferred inflows of resources and fund balances	\$ 4,138	\$ 19,468	\$ 21,849,657

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CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
 Special Revenue Funds
 For the Year Ended June 30, 2020

	Major Street Fund	Local Street Fund	Municipal Streets	Parks, Recreation, and Cultural Services	Tree
Revenues					
Property taxes	\$ -	\$ -	\$ 5,473,078	\$ 1,406,590	\$ -
Special assessments	-	-	-	-	-
Licenses, permits, and charges for services	-	-	10,000	-	-
Intergovernmental:					
Federal grants	-	-	-	-	-
State-shared revenue and grants	4,348,220	1,519,226	207,486	-	-
Other grants	157,437	-	151,900	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	43,680	44,763	162,820	31,883	125,780
Other:					
Local donations	-	-	8,583	178,804	-
Recreational programs	-	-	-	918,821	-
Miscellaneous	-	-	-	332	579,475
Total revenues	4,549,337	1,563,989	6,013,867	2,536,430	705,255
Expenditures					
Current:					
Public safety	-	-	-	-	-
Public works	2,898,302	6,424,465	1,047,986	-	700,043
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	3,195,357	-
Total expenditures	2,898,302	6,424,465	1,047,986	3,195,357	700,043
Revenues over (under) expenditures	1,651,035	(4,860,476)	4,965,881	(658,927)	5,212
Other financing sources (uses)					
Proceeds from sale of capital assets	-	-	-	9,584	-
Insurance recovery	-	-	40,000	-	-
Transfers in	-	5,971,726	-	25,000	-
Transfers out	(1,411,726)	-	(4,560,000)	-	-
Total other financing sources (uses)	(1,411,726)	5,971,726	(4,520,000)	34,584	-
Net change in fund balances	239,309	1,111,250	445,881	(624,343)	5,212
Fund balances (deficits), beginning of year	963,381	599,570	3,870,301	1,088,908	4,309,283
Fund balances (deficits), end of year	\$ 1,202,690	\$ 1,710,820	\$ 4,316,182	\$ 464,565	\$ 4,314,495

Drain Revenue	PEG Cable	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection	West Oak Street Lighting
\$ 2,143,534	\$ -	\$ -	\$ -	\$ 2,815,536	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	7,529
-	-	-	-	-	-	2,525,093	-
-	-	75,132	119,106	-	-	-	-
-	-	-	-	44,384	-	-	-
-	-	-	-	-	-	-	-
-	-	-	73,689	167,306	-	-	-
14,723	18,846	-	7,535	87,345	45,789	2,028	1
-	-	-	-	10,318	16,803	-	-
-	-	-	-	-	-	-	-
9,270	-	-	20,817	63,236	-	-	-
<u>2,167,527</u>	<u>18,846</u>	<u>75,132</u>	<u>221,147</u>	<u>3,188,125</u>	<u>62,592</u>	<u>2,527,121</u>	<u>7,530</u>
-	-	-	349,580	-	-	-	-
2,343,349	-	-	-	-	-	2,527,121	6,190
-	296,557	72,349	-	-	-	-	-
-	-	-	-	3,007,881	31,699	-	-
<u>2,343,349</u>	<u>296,557</u>	<u>72,349</u>	<u>349,580</u>	<u>3,007,881</u>	<u>31,699</u>	<u>2,527,121</u>	<u>6,190</u>
<u>(175,822)</u>	<u>(277,711)</u>	<u>2,783</u>	<u>(128,433)</u>	<u>180,244</u>	<u>30,893</u>	<u>-</u>	<u>1,340</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
260,201	-	-	-	-	-	-	-
(85,402)	-	-	-	-	-	-	-
<u>174,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,023)	(277,711)	2,783	(128,433)	180,244	30,893	-	1,340
1,127	849,907	(51,074)	326,086	2,101,254	1,676,086	-	43,055
<u>\$ 104</u>	<u>\$ 572,196</u>	<u>\$ (48,291)</u>	<u>\$ 197,653</u>	<u>\$ 2,281,498</u>	<u>\$ 1,706,979</u>	<u>\$ -</u>	<u>\$ 44,395</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, 2020

	West Lake Drive Street Lighting	Town Center Street Lighting	Total
Revenues			
Property taxes	\$ -	\$ -	\$ 11,838,738
Special assessments	3,300	25,000	35,829
Licenses, permits, and charges for services	-	-	2,535,093
Intergovernmental:			
Federal grants	-	-	194,238
State-shared revenue and grants	-	-	6,119,316
Other grants	-	-	309,337
Fines and forfeitures	-	-	240,995
Investment income	-	1	585,194
Other:			
Local donations	-	-	214,508
Recreational programs	-	-	918,821
Miscellaneous	-	-	673,130
Total revenues	3,300	25,001	23,665,199
Expenditures			
Current:			
Public safety	-	-	349,580
Public works	2,982	20,810	15,971,248
Community and economic development	-	-	368,906
Recreation and culture	-	-	6,234,937
Total expenditures	2,982	20,810	22,924,671
Revenues over (under) expenditures	318	4,191	740,528
Other financing sources (uses)			
Proceeds from sale of capital assets	-	-	9,584
Insurance recovery	-	-	40,000
Transfers in	-	-	6,256,927
Transfers out	-	-	(6,057,128)
Total other financing sources (uses)	-	-	249,383
Net change in fund balances	318	4,191	989,911
Fund balances (deficits), beginning of year	3,310	11,797	15,792,991
Fund balances (deficits), end of year	\$ 3,628	\$ 15,988	\$ 16,782,902

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
State-shared revenue and grants -				
Gas and weight tax	\$ 4,555,000	\$ 3,941,500	\$ 4,348,220	\$ 406,720
Other grants	-	157,436	157,437	1
Investment income	3,582	44,111	43,680	(431)
Total revenues	<u>4,558,582</u>	<u>4,143,047</u>	<u>4,549,337</u>	<u>406,290</u>
Expenditures				
Current -				
Public works:				
Other services and charges	1,632,350	1,649,532	1,321,018	(328,514)
Capital outlay	2,681,232	1,577,289	1,577,284	(5)
Total expenditures	<u>4,313,582</u>	<u>3,226,821</u>	<u>2,898,302</u>	<u>(328,519)</u>
Revenues over expenditures	245,000	916,226	1,651,035	734,809
Other financing uses				
Transfers out	(200,000)	(1,411,726)	(1,411,726)	-
Net change in fund balance	45,000	(495,500)	239,309	734,809
Fund balance, beginning of year	612,655	963,381	963,381	-
Fund balance, end of year	<u>\$ 657,655</u>	<u>\$ 467,881</u>	<u>\$ 1,202,690</u>	<u>\$ 734,809</u>

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state shared:				
Gas and weight tax	\$ 1,603,000	\$ 1,398,500	\$ 1,519,226	\$ 120,726
Investment income	2,868	39,813	44,763	4,950
Total revenues	1,605,868	1,438,313	1,563,989	125,676
Expenditures				
Current -				
Public works:				
Other services and charges	1,774,900	1,496,133	1,183,135	(312,998)
Capital outlay	5,745,968	6,547,231	5,241,330	(1,305,901)
Total expenditures	7,520,868	8,043,364	6,424,465	(1,618,899)
Revenues under expenditures	(5,915,000)	(6,605,051)	(4,860,476)	1,744,575
Other financing sources				
Transfers in	6,235,000	7,724,792	5,971,726	(1,753,066)
Net change in fund balance	320,000	1,119,741	1,111,250	(8,491)
Fund balance, beginning of year	714,296	599,570	599,570	-
Fund balance, end of year	\$ 1,034,296	\$ 1,719,311	\$ 1,710,820	\$ (8,491)

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 5,502,800	\$ 5,488,800	\$ 5,473,078	\$ (15,722)
Licenses, permits, and charges for services	10,000	10,000	10,000	-
Intergovernmental:				
State-shared revenue and grants	185,000	185,000	207,486	22,486
Other grants	112,000	151,900	151,900	-
Investment income	58,160	184,717	162,820	(21,897)
Other:				
Local donations	-	8,583	8,583	-
Miscellaneous	10,000	-	-	-
Total revenues	5,877,960	6,029,000	6,013,867	(15,133)
Expenditures				
Current -				
Public works:				
Other services and charges	802,979	759,782	665,286	(94,496)
Capital outlay	623,981	1,346,431	382,700	(963,731)
Total expenditures	1,426,960	2,106,213	1,047,986	(1,058,227)
Revenues over expenditures	4,451,000	3,922,787	4,965,881	1,043,094
Other financing sources (uses)				
Insurance recovery	-	44,299	40,000	(4,299)
Transfers out	(6,035,000)	(6,313,066)	(4,560,000)	(1,753,066)
Total other financing uses	(6,035,000)	(6,268,767)	(4,520,000)	(1,757,365)
Net change in fund balance	(1,584,000)	(2,345,980)	445,881	2,791,861
Fund balance, beginning of year	2,354,789	3,870,301	3,870,301	-
Fund balance, end of year	\$ 770,789	\$ 1,524,321	\$ 4,316,182	\$ 2,791,861

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,411,336	\$ 1,411,336	\$ 1,406,590	\$ (4,746)
Intergovernmental:				
Federal grants	-	24,000	-	(24,000)
Investment income	30,000	32,882	31,883	(999)
Other:				
Local donations	123,500	278,875	178,804	(100,071)
Recreational programs	1,384,690	871,901	918,821	46,920
Miscellaneous	5,000	330	332	2
Total revenues	2,954,526	2,619,324	2,536,430	(82,894)
Expenditures				
Current -				
Recreation and culture:				
Personnel services	1,255,889	1,385,334	1,341,651	(43,683)
Supplies	69,680	96,481	27,866	(68,615)
Other services and charges	1,444,930	996,592	1,198,447	201,855
Capital outlay	717,640	960,685	627,393	(333,292)
Total expenditures	3,488,139	3,439,092	3,195,357	(243,735)
Revenues under expenditures	(533,613)	(819,768)	(658,927)	160,841
Other financing sources				
Proceeds from sale of capital assets	-	8,593	9,584	991
Transfers in	300,000	83,000	25,000	(58,000)
Total other financing sources	300,000	91,593	34,584	(57,009)
Net change in fund balance	(233,613)	(728,175)	(624,343)	103,832
Fund balance, beginning of year	756,333	1,088,908	1,088,908	-
Fund balance, end of year	\$ 522,720	\$ 360,733	\$ 464,565	\$ 103,832

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 58,971	\$ 108,546	\$ 125,780	\$ 17,234
Other -				
Miscellaneous	300,000	520,425	579,475	59,050
Total revenues	358,971	628,971	705,255	76,284
Expenditures				
Current -				
Public works:				
Personnel services	103,271	75,012	69,202	(5,810)
Supplies	1,000	1,000	972	(28)
Other services and charges	564,700	592,959	463,329	(129,630)
Capital outlay	-	232,431	166,540	(65,891)
Total expenditures	668,971	901,402	700,043	(201,359)
Net change in fund balance	(310,000)	(272,431)	5,212	277,643
Fund balance, beginning of year	3,605,886	4,309,283	4,309,283	-
Fund balance, end of year	\$ 3,295,886	\$ 4,036,852	\$ 4,314,495	\$ 277,643

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,152,659	\$ 2,146,659	\$ 2,143,534	\$ (3,125)
Investment income	4,872	15,860	14,723	(1,137)
Other - Miscellaneous	10,000	1,020	9,270	8,250
Total revenues	2,167,531	2,163,539	2,167,527	3,988
Expenditures				
Current - Public works:				
Personnel services	23,360	25,042	24,758	(284)
Other services and charges	1,181,828	1,103,951	851,245	(252,706)
Capital outlay	155,343	2,682,816	1,467,346	(1,215,470)
Total expenditures	1,360,531	3,811,809	2,343,349	(1,468,460)
Revenues over (under) expenditures	807,000	(1,648,270)	(175,822)	1,472,448
Other financing sources (uses)				
Transfers in	-	1,748,040	260,201	(1,487,839)
Transfers out	(807,000)	(99,770)	(85,402)	(14,368)
Total other financing sources (uses)	(807,000)	1,648,270	174,799	(1,502,207)
Net change in fund balance	-	-	(1,023)	(1,023)
Fund balance, beginning of year	-	1,127	1,127	-
Fund balance, end of year	\$ -	\$ 1,127	\$ 104	\$ (1,023)

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - PEG Cable Special Revenue Fund For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 370,000	\$ -	\$ -	\$ -
Investment income	5,061	13,961	18,846	4,885
Total revenues	375,061	13,961	18,846	4,885
Expenditures				
Current -				
Community and economic development:				
Personnel services	222,021	227,680	225,731	(1,949)
Supplies	5,000	11,015	10,912	(103)
Other services and charges	51,040	44,369	40,743	(3,626)
Capital outlay	40,000	20,000	19,171	(829)
Total expenditures	318,061	303,064	296,557	(6,507)
Net change in fund balance	57,000	(289,103)	(277,711)	11,392
Fund balance, beginning of year	748,969	849,907	849,907	-
Fund balance, end of year	\$ 805,969	\$ 560,804	\$ 572,196	\$ 11,392

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 106,207	\$ 156,207	\$ 75,132	\$ (81,075)
Expenditures				
Current -				
Community and economic development -				
Other services and charges	106,207	156,207	72,349	(83,858)
Net change in fund balance	-	-	2,783	2,783
Fund balance (deficit), beginning of year	-	-	(51,074)	(51,074)
Fund balance (deficit), end of year	\$ -	\$ -	\$ (48,291)	\$ (48,291)

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal grants	\$ 5,000	\$ 124,106	\$ 119,106	\$ (5,000)
Fines and forfeitures	209,000	84,000	73,689	(10,311)
Investment income	4,325	6,230	7,535	1,305
Other -				
Miscellaneous	3,000	15,686	20,817	5,131
Total revenues	221,325	230,022	221,147	(8,875)
Expenditures				
Current -				
Public safety:				
Supplies	38,900	39,841	34,809	(5,032)
Other services and charges	525	426	426	-
Capital outlay	329,900	343,755	314,345	(29,410)
Total expenditures	369,325	384,022	349,580	(34,442)
Net change in fund balance	(148,000)	(154,000)	(128,433)	25,567
Fund balance, beginning of year	390,327	326,086	326,086	-
Fund balance, end of year	\$ 242,327	\$ 172,086	\$ 197,653	\$ 25,567

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,829,940	\$ 2,831,079	\$ 2,815,536	\$ (15,543)
Intergovernmental -				
State-shared revenue and grants	38,000	44,384	44,384	-
Fines and forfeitures	177,000	167,307	167,306	(1)
Investment income	33,792	33,000	87,345	54,345
Other:				
Local donations	8,500	9,100	10,318	1,218
Miscellaneous	78,400	61,080	63,236	2,156
Total revenues	3,165,632	3,145,950	3,188,125	42,175
Expenditures				
Current -				
Recreation and culture:				
Personnel services	2,018,532	1,915,304	1,959,394	44,090
Supplies	592,300	618,000	482,945	(135,055)
Other services and charges	521,800	551,408	504,882	(46,526)
Capital outlay	43,000	61,203	60,660	(543)
Total expenditures	3,175,632	3,145,915	3,007,881	(138,034)
Net change in fund balance	(10,000)	35	180,244	180,209
Fund balance, beginning of year	1,797,330	2,101,254	2,101,254	-
Fund balance, end of year	\$ 1,787,330	\$ 2,101,289	\$ 2,281,498	\$ 180,209

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 36,000	\$ 22,500	\$ 45,789	\$ 23,289
Other -				
Local donations	6,500	17,000	16,803	(197)
Total revenues	42,500	39,500	62,592	23,092
Expenditures				
Current -				
Recreation and culture:				
Supplies	21,500	30,000	24,963	(5,037)
Capital outlay	-	9,000	6,736	(2,264)
Total expenditures	21,500	39,000	31,699	(7,301)
Net change in fund balance	21,000	500	30,893	30,393
Fund balance, beginning of year	1,582,228	1,676,086	1,676,086	-
Fund balance, end of year	\$ 1,603,228	\$ 1,676,586	\$ 1,706,979	\$ 30,393

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 2,475,000	\$ 2,525,093	\$ 2,525,093	\$ -
Investment income	1,000	5,382	2,028	(3,354)
Total revenues	2,476,000	2,530,475	2,527,121	(3,354)
Expenditures				
Current -				
Public works-				
Other services and charges	2,476,000	2,530,475	2,527,121	(3,354)
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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 7,529	\$ 7,529	\$ 7,529	\$ -
Investment income	41	41	1	(40)
	<u>7,570</u>	<u>7,570</u>	<u>7,530</u>	<u>(40)</u>
Total revenues	7,570	7,570	7,530	(40)
Expenditures				
Current -				
Public works -				
Other services and charges	10,000	10,000	6,190	(3,810)
	<u>10,000</u>	<u>10,000</u>	<u>6,190</u>	<u>(3,810)</u>
Net change in fund balance	(2,430)	(2,430)	1,340	3,770
Fund balance, beginning of year	<u>39,852</u>	<u>43,055</u>	<u>43,055</u>	<u>-</u>
Fund balance, end of year	<u>\$ 37,422</u>	<u>\$ 40,625</u>	<u>\$ 44,395</u>	<u>\$ 3,770</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, 2020

	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	2,982	(318)
Net change in fund balance	-	-	318	318
Fund balance, beginning of year	2,505	3,310	3,310	-
Fund balance, end of year	<u>\$ 2,505</u>	<u>\$ 3,310</u>	<u>\$ 3,628</u>	<u>\$ 318</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Investment income	-	-	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	25,000	25,000	25,001	1
Expenditures				
Current -				
Public works -				
Other services and charges	25,000	25,000	20,810	(4,190)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	4,191	4,191
Fund balance, beginning of year	6,953	11,797	11,797	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 6,953</u>	<u>\$ 11,797</u>	<u>\$ 15,988</u>	<u>\$ 4,191</u>

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CITY OF NOVI, MICHIGAN

■ Nonmajor Debt Service Funds

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

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

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - 2008 Library Construction Debt Service Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,320,734	\$ 1,336,234	\$ 1,333,195	\$ (3,039)
Investment income	216	426	101	(325)
Total revenues	<u>1,320,950</u>	<u>1,336,660</u>	<u>1,333,296</u>	<u>(3,364)</u>
Expenditures				
Current -				
Recreation and culture -				
Other services and charges	500	405	405	-
Debt service:				
Principal	1,015,000	1,015,000	1,015,000	-
Interest and fiscal charges	355,450	356,700	356,700	-
Total expenditures	<u>1,370,950</u>	<u>1,372,105</u>	<u>1,372,105</u>	<u>-</u>
Net change in fund balance	(50,000)	(35,445)	(38,809)	(3,364)
Fund balance, beginning of year	<u>163,083</u>	<u>164,307</u>	<u>164,307</u>	<u>-</u>
Fund balance, end of year	<u>\$ 113,083</u>	<u>\$ 128,862</u>	<u>\$ 125,498</u>	<u>\$ (3,364)</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).

Street Improvement Fund - As of fiscal year 2013-2014, the City Council has elected to transfer the remaining unspent balances for ongoing construction projects in the Major, Local, and Municipal Street funds into this separate capital improvement fund until completion. The City expects all projects in this fund to be completed before the end of the following fiscal year.

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, 2020

	Special Assessment Revolving	Street Improvement	Gun Range Facility	PEG Cable	Total
Assets					
Cash and cash equivalents	\$ 32,392	\$ -	\$ 75,805	\$ 55,005	\$ 163,202
Investments	1,383,673	-	50,978	200,457	1,635,108
Receivables -					
Other	-	-	-	32,861	32,861
Advances to component units	2,807,507	-	-	-	2,807,507
Total assets	\$ 4,223,572	\$ -	\$ 126,783	\$ 288,323	\$ 4,638,678
Fund balances					
Restricted:					
Public safety	-	-	126,783	-	126,783
Infrastructure improvements	4,223,572	-	-	288,323	4,511,895
Total fund balance	\$ 4,223,572	\$ -	\$ 126,783	\$ 288,323	\$ 4,638,678

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, 2020

	Special Assessment Revolving	Street Improvement	Gun Range Facility	PEG Cable	Total
Revenues					
Licenses, permits, and charges for services	\$ -	\$ -	\$ 44,295	\$ 302,931	\$ 347,226
Investment income	120,587	-	1,631	1,389	123,607
Total revenues	120,587	-	45,926	304,320	470,833
Expenditures					
Current:					
Public works	405	2,985,000	-	-	2,985,405
Community and economic development	-	-	-	15,997	15,997
Total expenditures	405	2,985,000	-	15,997	3,001,402
Net change in fund balances	120,182	(2,985,000)	45,926	288,323	(2,530,569)
Fund balances, beginning of year	4,103,390	2,985,000	80,857	-	7,169,247
Fund balances, end of year	\$ 4,223,572	\$ -	\$ 126,783	\$ 288,323	\$ 4,638,678

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 50,500	\$ 107,600	\$ 120,587	\$ 12,987
Expenditures				
Current -				
Public works -				
Other services and charges	500	500	405	(95)
Net change in fund balance	50,000	107,100	120,182	13,082
Fund balance, beginning of year	4,023,117	4,103,390	4,103,390	-
Fund balance, end of year	<u>\$ 4,073,117</u>	<u>\$ 4,210,490</u>	<u>\$ 4,223,572</u>	<u>\$ 13,082</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Street Improvement Capital Projects Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Public works -				
Capital outlay	\$ -	\$ 2,985,000	\$ 2,985,000	\$ -
Fund balance, beginning of year	-	2,985,000	2,985,000	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 70,000	\$ 70,000	\$ 44,295	\$ (25,705)
Investment income	500	1,000	1,631	631
Total revenues	70,500	71,000	45,926	(25,074)
Fund balance, beginning of year	59,857	80,857	80,857	-
Fund balance, end of year	<u>\$ 130,357</u>	<u>\$ 151,857</u>	<u>\$ 126,783</u>	<u>\$ (25,074)</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ -	\$ 370,000	\$ 302,931	\$ (67,069)
Investment income	-	500	1,389	889
Total revenues	-	370,500	304,320	(66,180)
Expenditures				
Community and economic development - Capital outlay	-	15,997	15,997	-
Net change in fund balance	-	354,503	288,323	(66,180)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 354,503	\$ 288,323	\$ (66,180)

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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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 70,000	\$ 130,000	\$ 187,491	\$ 57,491
Other -				
Tap-in fees	5,000	5,000	-	(5,000)
Total revenues	75,000	135,000	187,491	52,491
Other financing sources (uses)				
Transfers in	807,000	-	-	-
Transfers out	-	(1,748,040)	(260,201)	(1,487,839)
Total other financing sources (uses)	807,000	(1,748,040)	(260,201)	(1,487,839)
Net change in fund balance	882,000	(1,613,040)	(72,710)	(1,540,330)
Fund balance, beginning of year	3,315,399	6,783,536	6,783,536	-
Fund balance, end of year	\$ 4,197,399	\$ 5,170,496	\$ 6,710,826	\$ 1,540,330

CITY OF NOVI, MICHIGAN

Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<i>Trust and Agency</i>				
Assets				
Cash and cash equivalents	\$ 44,556	\$ 265,224,480	\$ (265,208,149)	\$ 60,887
Investments	8,226,948	109,027,266	(107,454,825)	9,799,389
Accounts receivable	-	26,382	(21,822)	4,560
Total assets	\$ 8,271,504	\$ 374,278,128	\$ (372,684,796)	\$ 9,864,836
Liabilities				
Accounts payable	\$ 434,187	\$ 152,173,419	\$ (151,925,751)	\$ 681,855
Due to other governments	179,465	6,924,505	(6,966,180)	137,790
Refundable deposits	7,657,852	215,180,204	(213,792,865)	9,045,191
Total liabilities	\$ 8,271,504	\$ 374,278,128	\$ (372,684,796)	\$ 9,864,836

CITY OF NOVI, MICHIGAN

Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

June 30, 2020

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

CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities Economic Development Corporation Component Unit For the Year Ended June 30, 2020

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

CITY OF NOVI, MICHIGAN

Balance Sheet / Statement of Net Position

Corridor Improvement Authority Component Unit

June 30, 2020

	Corridor Improvement Authority	Adjustments	Statement of Net Position
Assets			
Capital assets not being depreciated	\$ -	\$ 2,901,173	\$ 2,901,173
Liabilities			
Advance from primary government	<u>2,807,507</u>	<u>-</u>	<u>2,807,507</u>
Fund balance			
Unassigned (deficit)	<u>\$ (2,807,507)</u>	<u>2,807,507</u>	<u>-</u>
Net position			
Investment in capital assets		<u>\$ 93,666</u>	<u>\$ 93,666</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, 2020

	Corridor Improvement Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 150,763	\$ -	\$ 150,763
Expenditures / expenses			
Capital outlay	2,901,173	(2,901,173)	-
Debt service - Interest and fiscal charges	57,097	-	57,097
Total expenditures / expenses	2,958,270	(2,901,173)	57,097
Change in fund balance / net position	(2,807,507)	2,901,173	93,666
Fund balance / net position, beginning of year	-	-	-
Fund balance (deficit) / net position, end of year	\$ (2,807,507)	\$ 2,901,173	\$ 93,666

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STATISTICAL SECTION

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CITY OF NOVI, MICHIGAN

Statistical Section Table of Contents

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

		<u>Page</u>
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.	162
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	174
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.	181
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.	186
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.	188

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)

	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 101,958,721	\$ 106,988,589	\$ 111,718,349	\$ 113,868,196
Restricted	42,916,961	41,427,834	37,289,012	35,240,527
Unrestricted (deficit)	12,295,232	10,690,782	10,826,405	(14,622,520)
Total governmental activities	\$ 157,170,914	\$ 159,107,205	\$ 159,833,766	\$ 134,486,203
Business-type activities				
Net investment in capital assets	\$ 120,045,947	\$ 117,789,163	\$ 117,914,884	\$ 116,089,327
Restricted	8,175,188	7,494,295	7,001,295	1,136,154
Unrestricted	45,978,922	49,270,297	48,625,422	58,721,199
Total business-type activities	\$ 174,200,057	\$ 174,553,755	\$ 173,541,601	\$ 175,946,680
Primary government				
Net investment in capital assets	\$ 222,004,668	\$ 224,777,752	\$ 229,633,233	\$ 229,957,523
Restricted	51,092,149	48,922,129	44,290,307	36,376,681
Unrestricted	58,274,154	59,961,079	59,451,827	44,098,679
Total primary government	\$ 331,370,971	\$ 333,660,960	\$ 333,375,367	\$ 310,432,883

Source: City's annual financial statements

2015	2016	2017	2018	2019	2020
\$ 118,345,243	\$ 126,474,197	\$ 138,682,792	\$ 143,347,891	\$ 163,467,366	\$ 174,166,371
38,576,210	37,216,395	31,767,695	33,060,671	29,889,601	28,300,716
(15,525,832)	(15,805,367)	(20,402,611)	(26,055,697)	(32,788,366)	(37,880,102)
<u>\$ 141,395,621</u>	<u>\$ 147,885,225</u>	<u>\$ 150,047,876</u>	<u>\$ 150,352,865</u>	<u>\$ 160,568,601</u>	<u>\$ 164,586,985</u>
\$ 122,420,958	\$ 123,718,769	\$ 125,665,962	\$ 126,934,551	\$ 127,568,547	\$ 134,704,908
-	-	-	-	-	-
58,968,795	62,575,016	66,158,721	70,232,964	74,023,410	72,415,363
<u>\$ 181,389,753</u>	<u>\$ 186,293,785</u>	<u>\$ 191,824,683</u>	<u>\$ 197,167,515</u>	<u>\$ 201,591,957</u>	<u>\$ 207,120,271</u>
\$ 240,766,201	\$ 250,192,966	\$ 264,348,754	\$ 270,282,442	\$ 291,035,913	\$ 308,871,279
38,576,210	37,216,395	31,767,695	33,060,671	29,889,601	28,300,716
43,442,963	46,769,649	45,756,110	44,177,267	41,235,044	34,535,261
<u>\$ 322,785,374</u>	<u>\$ 334,179,010</u>	<u>\$ 341,872,559</u>	<u>\$ 347,520,380</u>	<u>\$ 362,160,558</u>	<u>\$ 371,707,256</u>

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 6,315,571	\$ 6,610,466	\$ 6,943,746	\$ 6,378,078
Public safety	18,331,488	16,793,073	16,191,890	17,216,678
Public works	11,548,677	10,729,285	11,741,414	12,455,654
Community and economic development	1,241,411	2,617,585	2,699,301	3,072,448
Recreation and culture	5,151,212	5,595,861	5,730,397	6,100,940
Interest and fiscal charges	1,759,340	1,453,161	1,059,437	963,702
Total governmental activities	<u>44,347,699</u>	<u>43,799,431</u>	<u>44,366,185</u>	<u>46,187,500</u>
Business-type activities:				
Water and sewer	20,419,330	23,771,121	24,025,098	23,001,139
Ice Arena	1,704,596	1,710,615	1,919,478	1,771,615
Senior Housing	1,577,697	1,541,251	1,537,409	1,548,478
Total business-type activities	<u>23,701,623</u>	<u>27,022,987</u>	<u>27,481,985</u>	<u>26,321,232</u>
Total primary government expenses	<u>68,049,322</u>	<u>70,822,418</u>	<u>71,848,170</u>	<u>72,508,732</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	-	-	-	-
Public safety	2,438,917	3,181,849	3,186,862	1,198,711
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	1,300,084	1,422,483	1,655,335	1,592,012
Other activities	611,929	548,787	709,560	2,547,217
Operating grants and contributions	3,620,833	3,511,329	3,897,155	4,525,924
Capital grants and contributions	2,176,263	804,764	1,197,870	651,597
Total governmental activities	<u>10,148,026</u>	<u>9,469,212</u>	<u>10,646,782</u>	<u>10,515,461</u>
Business-type activities:				
Charges for services:				
Water and sewer	18,494,973	20,627,062	22,398,469	21,663,401
Ice Arena	2,078,643	2,003,689	2,104,536	2,143,962
Senior Housing	1,903,346	1,944,912	1,968,900	1,992,761
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,002,749	2,172,991	3,383,087	2,905,677
Total business-type activities	<u>24,479,711</u>	<u>26,748,654</u>	<u>29,854,992</u>	<u>28,705,801</u>
Total primary government program revenues	<u>34,627,737</u>	<u>36,217,866</u>	<u>40,501,774</u>	<u>39,221,262</u>
Net (expense)/revenue				
Government activities	(34,199,673)	(34,330,219)	(33,719,403)	(35,672,039)
Business-type activities	<u>778,088</u>	<u>(274,333)</u>	<u>2,373,007</u>	<u>2,384,569</u>
Total primary government net expense	<u>(33,421,585)</u>	<u>(34,604,552)</u>	<u>(31,346,396)</u>	<u>(33,287,470)</u>

2015	2016	2017	2018	2019	2020
\$ 6,073,981	\$ 7,260,647	\$ 5,064,097	\$ 7,822,056	\$ 9,773,538	\$ 9,387,526
17,649,289	18,811,184	22,712,180	21,046,372	21,159,849	21,208,513
11,305,231	12,136,916	15,781,996	18,638,195	19,254,786	18,850,707
3,065,875	3,954,669	3,565,698	4,060,811	2,994,733	3,061,226
6,004,747	5,666,367	5,697,673	6,236,403	5,926,881	6,163,622
839,175	777,562	399,077	367,467	340,183	530,373
<u>44,938,298</u>	<u>48,607,345</u>	<u>53,220,721</u>	<u>58,171,304</u>	<u>59,449,970</u>	<u>59,201,967</u>
24,413,229	27,282,209	25,569,364	26,211,694	25,278,115	27,569,649
2,107,211	1,735,010	1,657,727	1,597,966	1,682,737	1,572,998
1,556,956	1,898,830	1,393,543	1,358,521	1,366,882	1,408,239
<u>28,077,396</u>	<u>30,916,049</u>	<u>28,620,634</u>	<u>29,168,181</u>	<u>28,327,734</u>	<u>30,550,886</u>
<u>73,015,694</u>	<u>79,523,394</u>	<u>81,841,355</u>	<u>87,339,485</u>	<u>87,777,704</u>	<u>89,752,853</u>
-	-	-	-	4,127,393	3,562,331
1,026,876	1,017,405	986,285	438,432	948,648	863,033
-	-	-	-	2,436,551	2,535,094
-	-	-	-	362,344	302,931
1,622,497	2,176,230	1,688,012	1,644,806	1,498,614	918,821
3,524,521	3,706,651	4,964,178	5,244,540	-	-
5,289,006	5,663,304	5,663,346	6,662,970	8,946,984	9,374,675
777,202	847,547	1,561,439	1,846,192	1,319,020	1,115,277
<u>12,240,102</u>	<u>13,411,137</u>	<u>14,863,260</u>	<u>15,836,940</u>	<u>19,639,554</u>	<u>18,672,162</u>
21,474,451	24,666,297	24,184,714	23,997,466	23,725,843	24,106,703
2,171,061	2,202,031	2,132,426	1,957,549	2,021,295	1,563,471
2,004,464	2,020,797	2,037,187	2,050,896	2,084,754	2,103,672
-	-	-	-	190,521	262,487
6,764,583	5,337,278	5,718,715	5,747,324	4,835,047	3,495,517
<u>32,414,559</u>	<u>34,226,403</u>	<u>34,073,042</u>	<u>33,753,235</u>	<u>32,857,460</u>	<u>31,531,850</u>
<u>44,654,661</u>	<u>47,637,540</u>	<u>48,936,302</u>	<u>49,590,175</u>	<u>52,497,014</u>	<u>50,204,012</u>
(32,698,196)	(35,196,208)	(38,357,461)	(42,334,364)	(39,810,416)	(40,529,805)
4,337,163	3,310,354	5,452,408	4,585,054	4,529,726	980,964
<u>(28,361,033)</u>	<u>(31,885,854)</u>	<u>(32,905,053)</u>	<u>(37,749,310)</u>	<u>(35,280,690)</u>	<u>(39,548,841)</u>

continued...

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Years

(*accrual basis of accounting*)

	2011	2012	2013	2014
General revenues and transfers				
Governmental activities:				
Property taxes	\$ 32,550,375	\$ 30,183,881	\$ 29,620,564	\$ 30,059,401
State shared revenues	3,725,690	3,990,693	4,074,589	4,170,809
Cable franchise fees	601,350	722,065	991,272	801,256
Investment income	626,449	881,869	(770,389)	1,436,616
Other	961,921	466,110	529,928	216,711
Gain on sale of capital assets	-	-	-	-
Transfers	-	21,892	-	-
Total governmental activities	<u>38,465,785</u>	<u>36,266,510</u>	<u>34,445,964</u>	<u>36,684,793</u>
Business-type activities:				
Investment income	493,314	649,923	(885,154)	622,902
Other	-	-	-	495,955
Transfers	-	(21,892)	-	-
Total business-type activities	<u>493,314</u>	<u>628,031</u>	<u>(885,154)</u>	<u>1,118,857</u>
Total primary government	<u>38,959,099</u>	<u>36,894,541</u>	<u>33,560,810</u>	<u>37,803,650</u>
Change in net position				
Governmental activities	4,266,112	1,936,291	726,561	1,012,754
Business-type activities	<u>1,271,402</u>	<u>353,698</u>	<u>1,487,853</u>	<u>3,503,426</u>
Total primary government	<u>\$ 5,537,514</u>	<u>\$ 2,289,989</u>	<u>\$ 2,214,414</u>	<u>\$ 4,516,180</u>

Source: City's annual financial statements

2015	2016	2017	2018	2019	2020
\$ 31,673,469	\$ 32,932,970	\$ 33,087,219	\$ 36,658,748	\$ 38,636,830	\$ 40,650,305
4,696,805	4,963,301	4,651,780	5,173,080	5,658,307	4,977,778
1,105,163	1,334,136	1,304,367	1,288,833	-	-
2,132,177	2,455,405	219,207	733,912	1,468,783	1,332,096
-	-	1,017,539	1,195,623	266,640	249,270
-	-	-	-	114,911	-
-	-	240,000	-	2,421,260	(2,661,260)
<u>39,607,614</u>	<u>41,685,812</u>	<u>40,520,112</u>	<u>45,050,196</u>	<u>48,566,731</u>	<u>44,548,189</u>
1,104,990	1,593,678	318,490	828,498	2,220,521	1,886,090
920	-	-	-	33,061	-
-	-	(240,000)	-	(2,421,260)	2,661,260
<u>1,105,910</u>	<u>1,593,678</u>	<u>78,490</u>	<u>828,498</u>	<u>(167,678)</u>	<u>4,547,350</u>
<u>40,713,524</u>	<u>43,279,490</u>	<u>40,598,602</u>	<u>45,878,694</u>	<u>48,399,053</u>	<u>49,095,539</u>
6,909,418	6,489,604	2,162,651	2,715,832	8,756,315	4,018,384
5,443,073	4,904,032	5,530,898	5,413,552	4,362,048	5,528,314
<u>\$ 12,352,491</u>	<u>\$ 11,393,636</u>	<u>\$ 7,693,549</u>	<u>\$ 8,129,384</u>	<u>\$ 13,118,363</u>	<u>\$ 9,546,698</u>

concluded.

CITY OF NOVI, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
General fund				
Nonspendable	\$ 1,640	\$ -	\$ 5,000	\$ 13,915
Restricted	103,988	252,758	179,147	272,654
Assigned	4,192,010	1,185,395	661,639	-
Unassigned	7,119,437	8,126,447	7,965,778	9,203,448
Total general fund	11,417,075	9,564,600	8,811,564	9,490,017
All other governmental funds				
Nonspendable	-	2,500	-	-
Restricted	34,936,096	37,832,828	35,073,121	35,240,527
Assigned	3,066,993	-	-	-
Unassigned (deficit)	-	-	160,337	-
Total all other governmental funds	38,003,089	37,835,328	35,233,458	35,240,527
Total all governmental funds	\$ 49,420,164	\$ 47,399,928	\$ 44,045,022	\$ 44,730,544

Source: City's annual financial statements

2015	2016	2017	2018	2019	2020
\$ 16,111	\$ 164,628	\$ 486,817	\$ 229,382	\$ 242,421	\$ 232,326
30,176	25,240	24,189	22,700	21,722	19,670
981,736	1,884,723	1,408,718	1,033,033	1,310,001	727,865
11,329,627	11,670,611	10,986,117	10,533,951	9,722,965	9,616,267
<u>12,357,650</u>	<u>13,745,202</u>	<u>12,905,841</u>	<u>11,819,066</u>	<u>11,297,109</u>	<u>10,596,128</u>
200	-	18,951	740	495,625	6,712,569
36,911,606	36,323,281	31,696,279	32,712,155	29,475,530	21,593,522
-	2,100,000	2,493	-	-	-
(15,848)	(33,932)	(1,487)	275,737	(6,762,839)	(11,174,362)
<u>36,895,958</u>	<u>38,389,349</u>	<u>31,716,236</u>	<u>32,988,632</u>	<u>23,208,316</u>	<u>17,131,729</u>
<u>\$ 49,253,608</u>	<u>\$ 52,134,551</u>	<u>\$ 44,622,077</u>	<u>\$ 44,807,698</u>	<u>\$ 34,505,425</u>	<u>\$ 27,727,857</u>

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
Revenues				
Property taxes	\$ 32,550,376	\$ 30,183,881	\$ 29,620,564	\$ 30,059,401
Special assessments	1,351,415	1,459,685	1,574,637	1,678,070
Licenses, permits, and charges for services	2,900,982	3,749,548	4,190,121	3,848,403
Intergovernmental	7,110,778	7,427,738	7,969,648	8,262,964
Fines and forfeitures	828,789	839,107	856,128	1,054,660
Investment income	1,218,637	1,383,389	(60,470)	1,491,790
Other	3,065,459	2,195,766	2,510,821	2,763,087
Total revenues	49,026,436	47,239,114	46,661,449	49,158,375
Expenditures				
Current:				
City council	9,213	16,012	10,051	10,911
City manager	363,513	399,594	423,711	399,885
Finance	815,502	780,995	711,615	649,156
Treasury	274,364	284,894	313,156	285,976
Integrated solutions	710,859	628,167	693,974	864,178
Assessing	727,995	776,554	892,586	800,480
City attorney, insurance, and claims	457,054	431,011	384,736	375,926
City clerk	520,796	496,005	528,894	491,137
Facility management	889,803	754,658	1,087,948	919,912
Human resources	418,994	394,009	408,611	423,452
Neighborhood and business relations group	646,080	787,153	960,416	846,432
General administration	1,380,374	1,738,906	2,104,447	1,596,080
Public safety - Police department	11,481,373	11,225,698	11,376,197	11,746,975
Public safety - Fire department	4,730,832	4,540,765	4,548,565	5,110,195
Community development - Building division	1,343,440	1,383,833	1,449,296	1,554,167
Community development - Planning division	617,048	519,896	489,065	586,948
Department of public works	2,416,375	2,419,815	2,693,588	2,960,570
Engineering	-	-	-	-
Planning Commission	6,168	699	6,744	-
Construction	2,272,800	4,983,542	4,015,306	3,652,031
Street maintenance	2,780,785	1,992,964	2,592,208	3,616,794
Drain maintenance	580,337	713,607	409,935	426,799
Recreational programs	1,795,604	2,233,255	2,254,135	2,345,313
Forestry and park maintenance	63,478	41,539	-	-
Library programs	2,704,689	2,636,714	2,712,163	2,843,791
Economic development	360,327	82,438	135,451	-
Debt service:				
Principal	7,685,000	6,855,000	5,205,000	3,450,000
Interest and fiscal charges	1,818,453	1,489,001	1,103,341	960,680
Capital outlay	544,706	674,518	2,170,216	1,555,065
Total expenditures	48,415,962	49,281,242	49,681,355	48,472,853

2015	2016	2017	2018	2019	2020
\$ 31,673,469	\$ 32,932,970	\$ 33,087,219	\$ 36,658,748	\$ 38,636,830	\$ 40,650,305
1,878,475	1,604,014	25,336	49,598	48,861	35,829
3,521,819	4,542,923	4,005,981	3,466,502	7,408,819	6,811,251
8,651,460	9,653,887	9,870,824	11,580,519	12,048,707	11,784,904
639,474	757,403	661,549	677,681	820,770	567,292
813,221	1,862,098	219,945	734,650	2,263,009	1,917,241
5,545,676	5,007,027	5,759,163	6,307,787	3,537,910	2,399,717
<u>52,723,594</u>	<u>56,360,322</u>	<u>53,630,017</u>	<u>59,475,485</u>	<u>64,764,906</u>	<u>64,166,539</u>
42,436	44,292	47,834	59,258	46,815	83,873
508,805	605,833	601,402	633,358	647,112	684,132
856,709	906,575	860,661	962,018	960,130	867,556
320,633	314,398	329,479	346,965	331,059	325,683
774,627	1,058,956	1,094,249	995,548	1,168,737	1,332,851
717,972	680,102	727,634	796,566	788,255	785,872
707,655	736,524	634,805	681,227	747,932	696,458
709,602	725,047	829,982	707,748	884,283	1,021,388
1,131,978	1,172,435	1,786,574	2,155,715	2,302,322	1,244,818
422,818	414,577	394,393	487,489	498,429	507,682
943,332	1,260,956	958,328	756,466	1,046,015	937,573
2,419,173	2,395,339	3,749,428	3,486,735	3,367,005	3,489,033
11,809,219	11,954,737	15,583,586	13,686,649	13,286,226	13,711,285
4,742,808	4,979,561	5,761,346	5,791,591	7,697,519	6,693,640
1,597,622	2,088,270	1,926,104	2,040,944	1,963,524	2,142,362
513,832	736,558	530,385	590,816	591,019	513,348
173,913	255,647	746,075	6,852,777	11,387,750	1,354,702
-	-	-	-	516,477	187,517
-	-	-	-	-	-
5,947,254	8,075,475	10,330,582	7,826,415	6,166,795	5,059,575
3,601,702	3,760,085	5,160,645	1,875,569	9,925,159	10,370,753
-	-	-	-	578,171	703,158
2,377,159	3,772,846	3,765,974	3,752,479	6,826,606	9,932,172
-	-	-	-	1,389,177	1,121,928
2,815,266	2,779,842	2,768,005	2,928,428	3,049,354	3,039,985
-	-	-	529,753	161,225	128,836
3,505,000	4,051,000	2,340,000	920,000	965,000	1,015,000
833,894	818,163	455,020	425,350	398,292	588,731
727,121	-	-	-	-	-
<u>48,200,530</u>	<u>53,587,218</u>	<u>61,382,491</u>	<u>59,289,864</u>	<u>77,690,388</u>	<u>68,539,911</u>

continued...

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
Revenues over (under) expenditures	\$ 610,474	\$ (2,042,128)	\$ (3,019,906)	\$ 685,522
Other financing sources (uses)				
Issuance of long-term debt	-	-	4,165,000	-
Proceeds from sale of capital assets	-	-	-	-
Insurance recovery	-	-	-	-
Payment to refund bond escrow agent	-	-	(4,500,000)	-
Transfers in	10,289,946	5,118,792	8,263,793	13,758,461
Transfers out	(10,289,946)	(5,096,900)	(8,263,793)	(13,758,461)
Total other financing sources (uses)	-	21,892	(335,000)	-
Net changes in fund balances	\$ 610,474	\$ (2,020,236)	\$ (3,354,906)	\$ 685,522
Debt services as a percentage of noncapital expenditures	19.9%	17.2%	13.3%	9.4%

Source: City's annual financial statements

Schedule 4
Unaudited

2015	2016	2017	2018	2019	2020
\$ 4,523,064	\$ 2,773,104	\$ (7,752,474)	\$ 185,621	\$ (12,925,482)	\$ (4,373,372)
-	9,995,301	-	-	-	-
-	-	-	-	114,911	215,383
-	-	-	-	87,038	41,681
-	(9,887,462)	-	-	-	-
13,615,847	13,834,940	7,561,984	5,551,500	10,797,120	6,342,329
(13,615,847)	(13,834,940)	(7,321,984)	(5,551,500)	(8,375,860)	(9,003,589)
-	107,839	240,000	-	2,623,209	(2,404,196)
<u>\$ 4,523,064</u>	<u>\$ 2,880,943</u>	<u>\$ (7,512,474)</u>	<u>\$ 185,621</u>	<u>\$ (10,302,273)</u>	<u>\$ (6,777,568)</u>
<u>9.1%</u>	<u>9.1%</u>	<u>4.6%</u>	<u>2.3%</u>	<u>2.8%</u>	<u>3.2%</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		
2020	\$ 2,533,927,750	\$ 991,963,100	\$ 59,532,240	\$ 267,518,910	\$ 3,852,942,000
2019	2,389,711,290	948,154,150	50,960,580	256,827,350	3,645,653,370
2018	2,267,135,430	898,845,980	37,866,980	246,268,600	3,450,116,990
2017	2,169,188,620	878,201,150	38,362,030	237,292,830	3,323,044,630
2016	2,087,604,500	840,859,240	37,269,450	239,836,740	3,205,569,930
2015	1,984,120,840	822,896,230	38,788,580	225,066,560	3,070,872,210
2014	1,892,836,510	815,093,230	40,453,090	223,698,750	2,972,081,580
2013	1,809,105,200	846,638,040	44,245,120	220,345,290	2,920,333,650
2012	1,781,997,870	923,404,500	53,530,570	220,678,540	2,979,611,480
2011	1,862,673,780	900,544,230	220,883,480	220,466,950	3,204,568,440

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	\$ 4,704,211,310	81.90%
10.5376	4,429,863,848	82.30%
10.5376	4,234,030,940	81.49%
9.9950	3,952,090,850	84.08%
10.2000	3,704,488,760	86.53%
10.2000	3,365,191,110	91.25%
10.2000	3,099,733,610	95.88%
10.2000	3,004,330,340	97.20%
10.5416	3,063,922,590	97.25%
10.5416	3,321,184,600	96.49%

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
2020	4.7755	0.0129	1.4273	1.3590	0.3668	0.5583	0.9565	0.7342
2019	4.8458	0.0137	1.4484	1.3790	0.3722	0.4157	0.9706	0.7451
2018	4.9206	-	1.4708	1.4003	0.3780	0.2648	0.9856	0.7567
2017	4.9925	-	1.4923	1.4208	0.3836	0.2120	-	0.7678
2016	5.0056	-	1.4962	1.4246	0.3847	-	-	0.7699
2015	5.0182	-	1.5000	1.4282	0.3857	-	-	0.7719
2014	5.0182	-	1.5000	1.4282	0.3857	0.1057	-	0.7719
2013	5.0182	-	0.7719	1.4282	0.3857	0.3435	-	0.7719
2012	5.0182	-	0.7719	1.4282	0.3857	0.2642	-	0.7719
2011	5.0182	-	0.7719	1.4282	0.3857	0.0885	-	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	11.2645	25.8379	7.9000	25.9000	6.2300	21.9531	4.5919	22.5919
0.3471	10.5376	11.1456	26.0482	8.0000	26.0000	6.7968	22.5643	4.6041	22.6041
0.3608	10.5376	11.2525	26.3118	9.0000	27.0000	6.9458	22.7592	4.6140	22.6140
0.6810	9.9500	12.0109	27.0560	9.6000	27.6000	7.0150	22.9279	5.2448	22.6248
1.1190	10.2000	12.0656	27.0722	10.5228	25.5294	7.2841	23.1180	4.7370	22.7937
1.0960	10.2000	12.1729	27.1010	10.8029	25.7310	7.6843	23.4872	4.8700	22.8700
0.9903	10.2000	12.3296	27.1010	10.7000	28.7000	7.4730	23.1445	5.3000	23.3000
1.4806	10.2000	12.3331	27.1010	10.8500	28.8500	7.0254	22.5600	5.3000	23.3000
1.9015	10.5416	11.3229	26.1930	10.8500	28.8000	6.8812	22.5000	5.5000	23.3800
2.0772	10.5416	11.4931	26.3632	10.5000	28.5000	6.7508	22.5000	4.5000	22.5000

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Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of taxable value)

Fiscal Year	Oakland County	Oakland Community College	Schoolcraft Community College	Oakland Intermediate Schools	Wayne Intermediate Schools	State Education
2020	4.7748	1.5303	2.2516	3.2539	5.4643	6.0000
2019	4.7805	1.5431	1.7662	3.2813	3.4643	6.0000
2018	4.7849	1.5555	1.7766	3.3079	3.4643	6.0000
2017	4.7909	1.5707	1.7881	3.3398	3.4643	6.0000
2016	4.8450	1.5819	1.7967	3.3633	3.4643	6.0000
2015	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2014	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2013	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2012	4.7461	1.5844	1.7967	3.3690	3.4643	6.0000
2011	4.7461	1.5844	1.7967	3.3690	3.4643	6.0000

concluded.

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Fiscal 2011 (2010 Taxable Value)			Fiscal 2020 (2019 Taxable Value)		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Redwood-ERC Novi LLC/Fox Run Village	\$ 47,633,490	4	1.5%	\$ 68,558,100	1	1.8%
TVO Mall Owner LLC/Twelve Oaks Mall	55,678,620	1	1.7%	55,108,140	2	1.4%
Singh Development /Waltonwood	52,151,520	3	1.6%	44,331,800	3	1.2%
International Transmission Co	30,757,420	5	1.0%	40,198,920	4	1.0%
Haggerty Corp./HCP Land LLC	N/A		0.0%	36,718,590	5	1.0%
Detroit Edison	26,491,140	7	0.8%	30,140,850	6	0.8%
Occidental Development Ltd.	29,258,200	6	0.9%	29,522,040	7	0.8%
TBON LLC	22,828,970	9	0.7%	25,880,650	8	0.7%
Providence Hospital	23,654,760	8	0.7%	19,302,120	9	0.5%
Sun Valley, Ltd./Foundation Walk	19,825,250	10	0.6%	16,254,870	10	0.4%
Northern Equities, et al	52,632,320	2	1.6%	N/A		0.0%
	<u>\$ 360,911,690</u>		<u>11.26%</u>	<u>\$ 366,016,080</u>		<u>9.50%</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
2020	\$ 40,470,851	\$ 40,059,638	98.98%	\$ 343,492	\$ 40,403,130	99.83%
2019	38,505,820	38,128,936	99.02%	364,391	38,493,327	99.97%
2018	36,512,501	36,087,781	98.84%	336,294	36,424,075	99.76%
2017	32,889,924	32,493,813	98.80%	307,117	32,800,930	99.73%
2016	32,612,845	32,242,851	98.87%	307,113	32,549,964	99.81%
2015	31,383,505	30,973,259	98.69%	305,151	31,278,410	99.67%
2014	30,206,320	29,765,634	98.54%	316,008	30,081,642	99.59%
2013	29,801,091	29,155,182	97.83%	369,252	29,524,434	99.07%
2012	31,153,847	30,486,979	97.86%	447,547	30,934,526	99.30%
2011	33,678,282	32,529,560	96.59%	575,381	33,104,941	98.30%

⁽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			
2020	\$ 8,665,000	\$ 768,181	\$ -	\$ 7,570,000	\$ -	\$ 17,003,181	0.44%	265.82
2019	9,680,000	896,211	-	8,950,000	-	19,526,211	0.54%	307.34
2018	10,645,000	1,024,241	-	10,330,000	-	21,999,241	0.64%	359.51
2017	11,565,000	1,152,271	-	11,685,000	150,000	24,552,271	0.74%	414.66
2016	13,905,000	1,280,301	-	13,030,000	300,000	28,515,301	0.89%	480.67
2015	16,905,000	-	1,360,000	14,150,000	455,000	32,870,000	1.07%	542.47
2014	19,020,000	-	2,750,000	15,295,000	630,000	37,695,000	1.27%	625.23
2013	20,947,874	-	4,165,000	15,461,961	805,000	41,379,835	1.42%	696.69
2012	24,667,165	-	5,950,000	16,425,488	980,000	48,022,653	1.61%	856.60
2011	30,086,456	-	7,350,000	17,334,016	1,155,000	55,925,472	1.75%	1,009.96

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
2020	\$ 17,003,181	\$ 41,047	\$16,962,134	0.44%	265.17
2019	19,526,211	71,031	19,455,180	0.53%	306.22
2018	21,999,241	252,483	21,746,758	0.63%	355.39
2017	24,552,271	341,141	24,211,130	0.73%	408.90
2016	28,215,301	880,019	27,335,282	0.85%	460.78
2015	31,055,000	667,085	30,387,915	0.99%	501.51
2014	34,315,000	212,251	34,102,749	1.15%	565.65
2013	37,420,000	160,338	37,259,662	1.28%	627.32
2012	42,235,000	307,772	41,927,228	1.41%	747.87
2011	48,695,000	1,240,365	47,454,635	1.48%	856.98

Source: City's finance department records

Direct and Overlapping Governmental Activities Debt
June 30, 2020

	Net Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
Direct			
City of Novi	\$ 9,433,181	100.00%	\$ 9,433,181
Overlapping			
Novi School District	134,945,000	99.86%	134,756,077
Northville School District	104,245,000	18.82%	19,618,909
Walled Lake School District	142,025,000	14.05%	19,954,513
South Lyon School District	132,880,000	4.56%	6,059,328
Oakland County	317,015,768	6.41%	20,320,711
Oakland Intermediate School District	42,970,000	5.44%	2,337,568
Schoolcraft School District	48,275,000	4.93%	2,379,958
			<u>205,427,063</u>
Total direct and overlapping debt			<u>\$ 214,860,244</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>\$ 4,704,211,310</u>
Legal debt limit (10% of SEV)		\$ 470,421,131
Gross indebtedness	\$ 17,003,181	
Amount available in debt service funds	<u>41,047</u>	
Net bonded debt		<u>17,044,228</u>
Legal debt margin		<u>\$ 453,376,903</u>
Net bonded debt as a percentage of assessed value		<u>0.36%</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
2020	\$ 470,421,131	\$ 17,044,228	\$ 453,376,903	3.62%
2019	442,986,385	19,597,242	423,389,143	4.42%
2018	425,826,339	21,999,241	403,827,098	5.17%
2017	397,398,215	24,402,271	372,995,944	6.14%
2016	371,885,911	28,215,301	343,670,610	7.59%
2015	337,915,991	31,055,000	306,860,991	9.19%
2014	310,989,256	34,315,000	276,674,256	11.03%
2013	301,329,099	36,409,835	264,919,264	12.08%
2012	307,288,324	41,092,653	266,195,671	13.37%
2011	332,957,365	47,420,472	285,536,893	14.24%

Source: City's finance department records

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Special Assessment Collections	Debt Service	Coverage
2020	\$ -	\$ -	-
2019	-	-	-
2018	-	-	-
2017	286,913	153	1,875.25
2016	1,798,863	1,549	1,161.31
2015	2,277,115	1,648	1,381.74
2014	2,137,737	1,720	1,242.87
2013	2,503,020	1,765	1,418.14
2012	2,700,549	1,929	1,399.97
2011	2,660,803	2,000	1,330.40

Source: City's annual financial statements

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2020	63,966	*	*	10.40%
2019	63,533	*	*	2.50%
2018	61,192	*	*	2.20%
2017	59,211	\$ 2,749,462,785	\$ 46,435	1.90%
2016	59,324	2,687,792,468	45,307	2.80%
2015	60,593	2,714,869,365	44,805	3.60%
2014	60,290	2,700,992,000	44,800	4.40%
2013	59,395	2,636,544,050	44,390	9.40%
2012	56,062	2,492,852,892	44,466	8.20%
2011	55,374	2,362,587,084	42,666	10.90%

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	2011			2020		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
St. John Health/Providence Park Hospital	1,000	1	3.85%	1,613	1	2.50%
Harman				1,036	2	1.60%
Novi Community Schools	807	2	3.11%	916	3	1.42%
ITC Holding, Inc.	400	7	1.54%	547	5	0.85%
A123				493	6	0.76%
Ryder System	548	4	2.11%	400	4	0.62%
Intier/Magna	650	3	2.50%	382	7	0.59%
Yanfeng				370	8	0.57%
Hanon			0.00%	362	9	0.56%
Comau North America	-			302	10	0.47%
Macy's	539	5	2.08%			
Rock Financial Showplace	400	6	1.54%			
Ikon Office Solutions, Inc	307	8	1.18%			
Paychex	300	9	1.16%			
Fox Run	300	10	1.16%			
	<u>5,251</u>		<u>20.23%</u>	<u>6,421</u>		<u>9.94%</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	2011	2012	2013	2014
Full-time				
City Manager	3.00	3.00	3.00	3.00
Finance Department (1)	7.00	7.00	9.00	9.00
Information Technology	5.00	5.00	5.00	5.00
Assessing	7.00	5.00	5.00	5.00
City Clerk	5.00	5.00	5.00	5.00
Treasury	3.00	3.00	-	-
Facility Operations	2.00	1.00	2.00	2.00
Human Resources (3)	5.00	4.00	4.00	4.00
Department of Public Safety	118.00	111.00	111.00	113.00
Department of Public Services (4)	36.00	33.00	35.00	35.00
Parks, Recreation, and Cultural Services	10.00	10.00	11.00	11.00
Water and sewer	12.00	12.00	13.00	14.00
Library	20.00	18.00	20.00	20.00
Community Relations	3.00	3.00	4.00	4.00
Economic Development	-	-	-	-
Community Development (2)	19.00	18.00	21.00	21.00
	<u>255.00</u>	<u>238.00</u>	<u>248.00</u>	<u>251.00</u>

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

(2) Combined building and planning

(3) Employees included under General Administration in previous years

(4) Engineering staff combined with DPS

Source: City's finance department records

2015	2016	2017	2018	2019	2020
3.00	3.00	3.00	3.00	3.00	3.00
9.00	9.00	9.00	9.00	9.00	9.00
5.00	6.00	7.00	7.00	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
-	-	-	-	-	-
2.00	3.00	3.00	3.00	3.00	3.00
4.00	4.00	4.00	4.00	4.00	4.00
115.00	115.00	118.00	123.00	125.00	121.00
34.00	36.00	36.00	36.00	37.25	37.00
11.00	12.00	12.00	12.00	12.00	12.00
14.00	14.00	14.00	14.00	13.75	12.00
20.00	17.00	16.00	16.00	16.00	17.00
3.00	6.00	6.00	6.00	6.00	6.00
-	-	-	1.00	1.00	-
21.00	21.00	21.00	21.00	21.00	20.00
<u>251.00</u>	<u>256.00</u>	<u>259.00</u>	<u>265.00</u>	<u>269.00</u>	<u>262.00</u>

CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014
Election Data				
Registered voters	36,921	37,366	38,757	39,248
Voters at polls	14,535	3,633	20,484	4,719
Absentee ballots	4,575	2,386	8,765	2,599
Percent voting	52%	16%	75%	19%
Police				
Part A crimes	1,679	1,841	2,048	1,736
Part B crimes	814	627	626	673
Injury accidents	272	288	310	276
Property damage	1,761	1,631	1,695	1,153
Moving traffic violations	10,167	9,381	10,058	8,487
Parking violations	285	288	199	185
Adult arrests	2,368	2,082	2,241	2,355
Juvenile arrests	213	166	137	142
OUIL arrests	415	335	342	268
False alarms	2,357	2,090	2,270	2,538
Fire				
Fire incidents	92	120	112	120
Service incidents	1,311	1,249	1,360	1,345
Fire inspections conducted	2,920	3,557	3,063	2,929
Medical emergencies	3,299	3,169	3,383	3,425
Paid-on-call staff	66	68	55	54
Parks and Recreation				
Youth classes/clinics	1,238	1,544	1,620	1,149
Adult classes/clinics	458	414	340	462
Youth leagues	2,371	2,431	2,512	2,471
Adult leagues	4,024	4,120	5,220	5,279
Summer day camp	703	668	N/A	334
Lakeshore Park vehicle entry (5)	9,846	10,822	13,000	15,462
Lakeshore Park attendance (5)	24,615	27,055	32,500	38,655
Lakeshore Park picnic shelter rental	98	105	116	125
Senior citizens served	68,517	76,462	77,759	75,832
Special event attendance	14,311	14,018	17,021	20,028
Civic Center Rentals	1,516	1,492	1,520	1,560
Civic Center Attendance	37,457	35,506	17,021	44,200
Novi Theaters - Cast (4)	181	198	253	293
Novi Theaters - Audience (4)	4,757	4,715	5,454	4,997

Schedule 17
Unaudited

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

continued...

CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014
Library (2)				
Items circulated	759,021	803,552	800,031	799,475
Book collections	146,187	152,024	151,724	152,236
Audio/Video/CD collections	18,015	20,618	23,507	25,677
Periodical subscriptions	215	208	210	242
Requests of Information	220,427	210,960	N/A	115,392
Youth Summer Reading	1,261	1,338	2,042	2,340
Program participants	34,198	45,572	34,899	40,010
Visitors	371,274	378,571	389,220	401,984
Interlibrary loans	100,342	109,274	109,330	106,250
Water and Sewer Customers:				
Residential	12,940	13,191	13,604	13,760
Commercial (1)	1,239	1,254	1,223	1,204
Water (in thousand gallons)				
Purchased from Detroit	2,166,712	2,459,402	2,321,313	2,216,075
Sold to residents	2,024,406	2,109,414	2,222,787	2,138,305
Rates				
Minimum 7,000 gallons(3)	\$ -	\$ -	\$ -	\$ -
Fixed rate quarterly water charge	35.00	37.00	40.00	57.00
Additional usage per 1,000 gallons	3.31	3.44	3.86	4.13
Fixed rate quarterly sewer charge	5.00	5.00	6.00	6.00
Sewer(per thousand gallons of water usage)	2.90	4.00	4.25	4.30

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

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

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

(4) Program eliminated in Fiscal Year 2016.

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

Source: City's finance department records

Schedule 17
Unaudited

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

concluded.

CITY OF NOVI, MICHIGAN

Capital Asset Statistics by Function / Program Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014
Police stations	1	1	1	1
Fire stations	4	4	4	4
Public works				
Miles of major streets	39	39	39	39
Miles of local streets	136	141	141	144
Estimated sidewalks in miles (1)	231	231	232	256
Bridges	4	4	4	4
Street lights	421	421	421	504
Parks and recreation				
Acres	1,138	1,138	1,150	1,260
Locations	11	11	12	13
Library				
Library branches	1	1	1	1
Water and sewer				
Miles of water mains	306	306	306	328
Miles of sanitary sewers	245	245	245	252
Fire hydrants	4,002	4,002	4,002	4,192

Source: City's finance department records

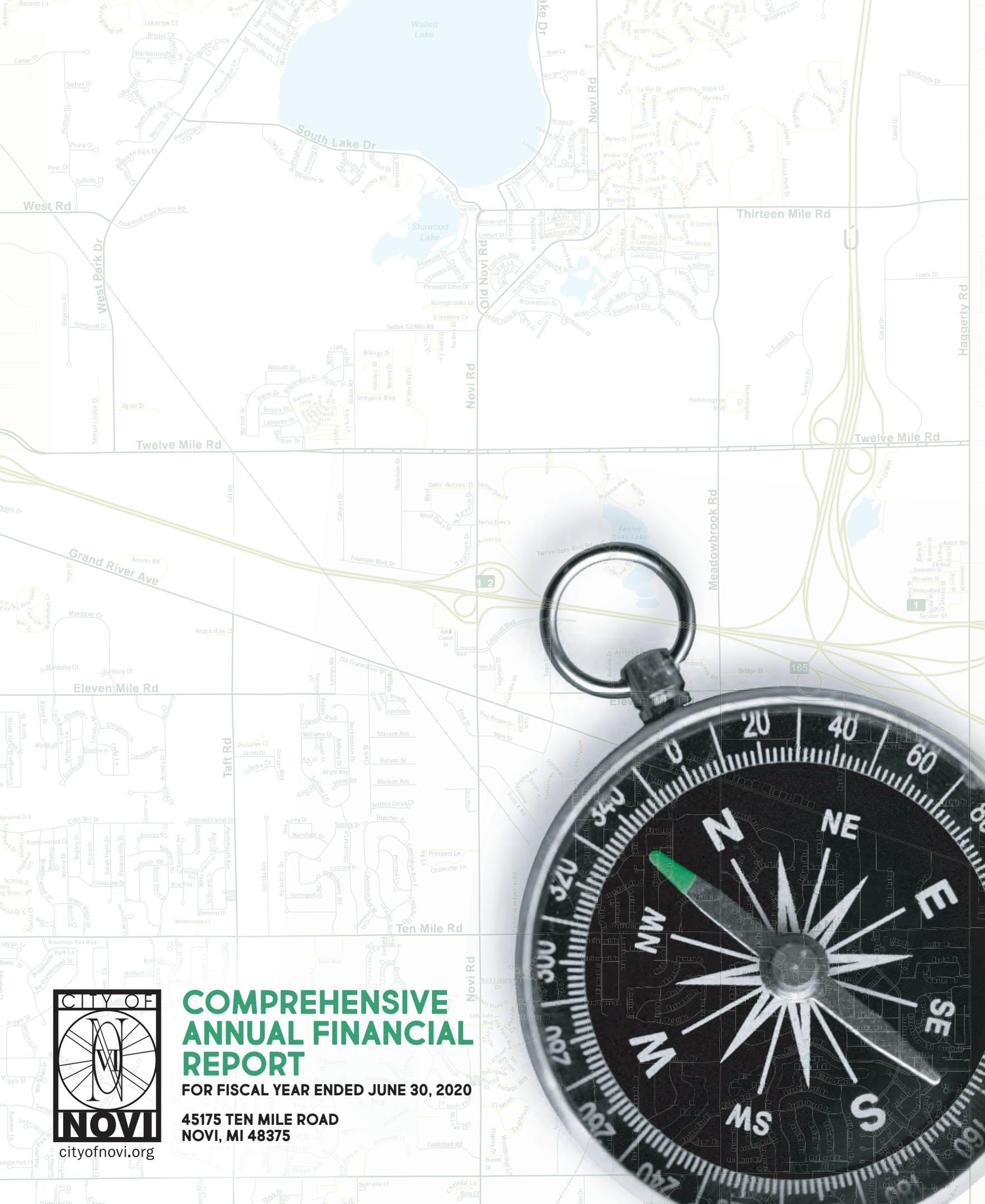
(1) Prior year adjustments were made as a result of changes in the GIS mapping system to more accurately reflect miles.

Schedule 18
Unaudited



2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
4	4	4	4	4	4
39	44	44	44	44	44
146	143	144	147	148	162
261	272	275	293	296	305
10	10	10	10	10	10
689	691	680	689	777	864
1,288	1,276	1,277	1,329	1,419	1,419
15	17	17	21	30	30
1	1	1	1	1	1
333	336	341	359	362	366
255	268	271	285	290	292
4,211	4,181	4,267	4,344	4,382	4,411

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2020

45175 TEN MILE ROAD
NOVI, MI 48375

cityofnovi.org