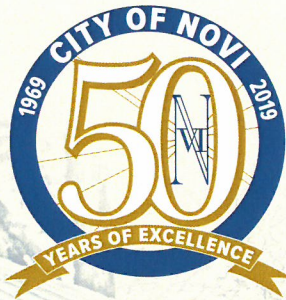




COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2019

CITY OF NOVI MICHIGAN



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CITY OF NOVI, MICHIGAN

Table of Contents

	Page
INTRODUCTORY SECTION	
Transmittal Letter	1
List of Principal Officials	5
Organizational Chart	6
Fund Organization Chart	8
GFOA Certificate of Achievement	9
FINANCIAL SECTION	
Independent Auditors' Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet - Governmental Funds	34
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	38
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	41
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	42
Major Street Special Revenue Fund	44
Local Street Special Revenue Fund	45
Statement of Net Position - Proprietary Funds	46
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	47
Statement of Cash Flows - Proprietary Funds	48
Statement of Fiduciary Net Position	50
Statement of Changes In Fiduciary Net Position	51
Notes to Financial Statements	53
Required Supplemental Information	
MERS Agent Multiple-Employer Defined Benefit Pension Plan:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	94
Schedule of City Contributions	95
Retiree Healthcare Benefits Plan:	
Schedule of Changes in the City's Net Other Postemployment Benefit Liability (Asset) and Related Ratios	96
Schedule of City Contributions	97
Schedule of Investment Returns	98

CITY OF NOVI, MICHIGAN

Table of Contents

	Page
Combining and Individual Fund Financial Statements and Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - Major Funds:	
General Fund	100
Capital Improvement Program Capital Projects Fund	105
Combining Balance Sheet - Nonmajor Governmental Funds	106
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances - Nonmajor Governmental Funds	107
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Special Revenue Funds	114
Schedule of Revenues, Expenditures and Changes in Fund Balances:	
Budget and Actual - Nonmajor Special Revenue Funds:	
Municipal Streets Fund	117
Parks, Recreation, and Cultural Services Fund	118
Tree Fund	119
Drain Revenue Fund	120
PEG Cable Fund	121
Community Development Block Grant Fund	122
Forfeiture Fund	123
Library Fund	124
Library Contribution Fund	125
Rubbish Collection Fund	126
West Oak Street Lighting Fund	127
West Lake Drive Street Lighting Fund	128
Town Center Street Lighting Fund	129
Budget and Actual - Nonmajor Debt Service Fund -	
2008 Library Construction Fund	132
Combining Balance Sheet - Nonmajor Governmental Funds - Capital Projects Funds	134
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Capital Projects Funds	135
Schedule of Revenues, Expenditures and Changes in Fund Balances:	
Budget and Actual - Nonmajor Capital Projects Funds:	
Special Assessment Revolving Fund	136
Street Improvement Fund	137
Gun Range Facility Fund	138
Budget and Actual - Nonmajor Permanent Fund -	
Drain Perpetual Maintenance Fund	140
Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	141
Balance Sheet/Statement of Net Position - Economic Development	
Corporation Component Unit	142
Statement of Revenues, Expenditures and Changes in Fund Balance/	
Statement of Activities - Economic Development Corporation	
Component Unit	143

CITY OF NOVI, MICHIGAN

Table of Contents

	Page
STATISTICAL SECTION	
1 - Net Position by Component	148
2 - Changes in Net Position	150
3 - Fund Balances - Governmental Funds	154
4 - Changes in Fund Balances - Governmental Funds	156
5 - Taxable and Estimated Actual Value of Property	160
6 - Direct and Overlapping Property Tax Rates	162
7 - Principal Property Tax Payers	165
8 - Property Tax Levies and Collections	166
9 - Ratios of Outstanding Debt by Type	167
10 - Ratios of General Bonded Debt Outstanding	168
11 - Direct and Overlapping Governmental Activities Debt	169
12 - Legal Debt Margin	170
13 - Pledged-Revenue Coverage	171
14 - Demographic and Economic Statistics	172
15 - Principal Employers	173
16 - Full-time Employees by Function / Program	174
17 - Operating Indicators by Function / Program	176
18 - Capital Asset Statistics by Function / Program	180



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INTRODUCTORY SECTION

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November 4, 2019

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

Ramesh Verma

Doreen Poupard

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, 2019. 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 61,000 residents (per the Southeast Michigan Council of Governments July 2017 estimates, an 10.5% 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.

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

cityofnovi.org

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

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

The City provides a full range of municipal services including police and fire/medical protection; public services, parks, recreational and cultural activities; library; building inspection; code enforcement and planning and development. In addition to general government activities, the activities of the Economic Development Corporation are reported as a separate component unit 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 at the activity (departmental) level. 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".

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:

- Money Magazine ranked Novi #23 on their top 50 places to live in the United States.
- A123 Systems will be relocating and building a new, 88,580 sq. ft. headquarters. This results in a nearly \$27 million investment into the community and relocating over 200 employees to the City.
- Hexagon Manufacturing Intelligence consolidated several of their offices into one "Solution Center," a 88,000-square-foot laboratory and calibration hub. This results in a \$16 million investment into the community and moving 135 jobs to Novi.
- American Interiors built their new 20,000 square-foot office in Novi, making a \$3,360,295 investment into the community.

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, establish 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. For the fiscal year ended June 30, 2019, Novi's reliance on revenue sharing payments represents 14% of total General Fund revenues or \$4,960,485. Novi's revenue sharing distribution increased by 4% or \$208,121 from the prior fiscal year.

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, 2019, bond obligations were reduced by \$2,345,000 from the prior fiscal year. Total direct debt at June 30, 2019 was \$19,526,211.

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 2019, the CIP millage was used to provide for boardwalk repair and replacement, purchase of a fire ladder truck, gun range improvements, department of public works building expansion, ITC trail, Bosco property improvements and Lakeshore Park improvements. The City is also striving to increase its pension funding level. The fiscal year 2019 funding level is 60.9% (plan fiduciary net position as a percentage of total pension liability). During the current year, the City contributed an additional \$310,000 (over and above the required actuarial required contribution) towards the defined benefit pension liability.

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, 2018. This was the 21st 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	Ramesh Verma
Council Member	Doreen Poupard
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
GIS Manager	Keri Blough
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
Older Adult Services Manager	Derek Stogner
Public Safety Director/Police Chief	David E. Molloy
Assistant Police Chief	Scott Baetens
Assistant Police Chief	Eric Zinser
Fire Chief	Jeffery R. Johnson
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



Organizational Chart

Mayor and City Council

Office of the City Manager

Citizens

Homeowner Associations

Federal, State, County Governments

Volunteer Boards & Commissions

operate

invest

nurture

Civic Organizations

value

Assessing Finance/Treasury Purchasing
Integrated Solutions Team
* Information Technology
* Geographic Information
* Facility Operations
* Park Maintenance
* Park Development

City Clerk
Human Resources

Schools

Library

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

Economic Development
* Business Attraction/Retention/Expansion

Private Sector Investments

Local & Regional Chambers of Commerce

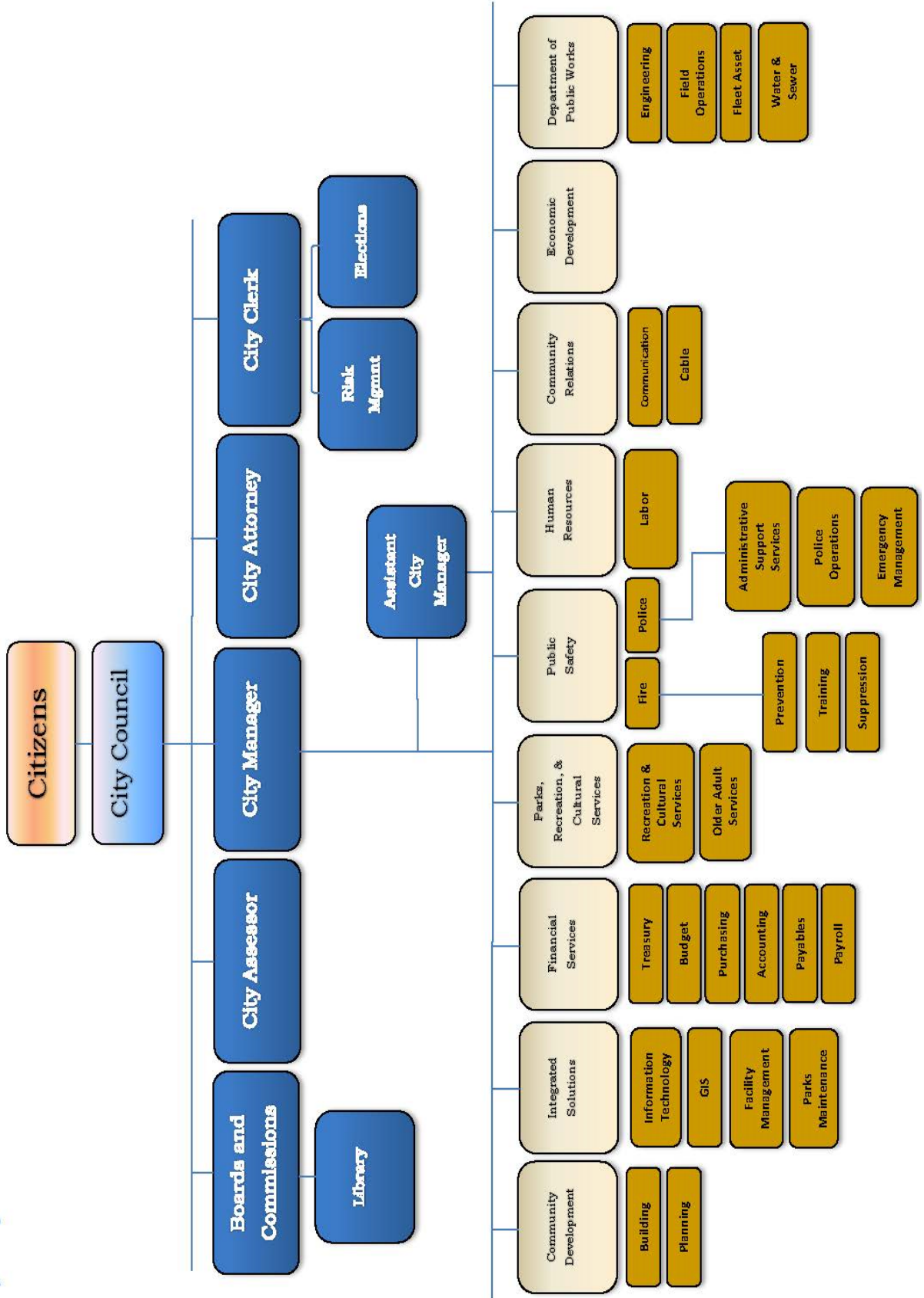
Community Development
* Long-Range Planning
* Private Development Site Plan Review
* Environmental Planning
* Master Plan and Zoning
* Soil Erosion and Sedimentation Control
* Building Plan Review, Inspections and Permits
* Ordinance Enforcement

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

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

Proprietary Fund - Enterprise Funds

Ice Arena Water and Sewer Senior Housing
--

Fiduciary Funds

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

Component Unit

Economic Development Corporation



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, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

November 4, 2019

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 discretely presented component unit, 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, 2019, 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. 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Novi, Michigan, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement of Beginning Net Position (for correction of an error)

As discussed in Note 16 to the financial statements, beginning net position of governmental activities, business-type activities, and the water and sewer enterprise fund were restated to record the deferred outflows for changes in assumptions related to the net other postemployment benefit asset. Our opinion is not modified with respect to this matter.

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.

Rehmann Loborn LLC

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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, 2019. 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	\$ 362,160,558
· Change in total net position	13,118,363
· Fund balances, governmental funds	34,505,425
· Change in fund balances, governmental funds	(10,302,273)
· Unassigned fund balance, general fund	9,722,965
· Change in fund balance, general fund	(521,957)
· Total installment debt outstanding	19,526,211
· Change in installment debt	(2,473,030)

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 a legally separate *component unit* for which the City is financially accountable. Financial information for the component unit is 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, major street special revenue fund, local street special revenue fund, and the capital improvement program capital projects fund, which are considered to be the City's major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds. The City maintains one type of proprietary fund. *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.

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.

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 and the economic development corporation component unit statements follow the nonmajor governmental funds combining statements.

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 \$362,160,558 at the close of the most recent fiscal year.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 49,434,652	\$ 52,605,974	\$ 80,054,716	\$ 77,626,944	\$ 129,489,368	\$ 130,232,918
Capital assets, net	173,415,605	154,310,663	136,518,547	137,264,551	309,934,152	291,575,214
Net other postemployment benefit asset	1,250,336	1,346,951	38,670	31,308	1,289,006	1,378,259
Total assets	224,100,593	208,263,588	216,611,933	214,922,803	440,712,526	423,186,391
Deferred outflows of resources	6,742,079	1,986,858	242,008	54,228	6,984,087	2,041,086
Current and other liabilities	15,105,935	8,109,718	4,509,026	5,866,067	19,614,961	13,975,785
Long-term debt	12,864,717	13,642,927	9,024,725	10,402,876	21,889,442	24,045,803
Net pension liability	38,024,504	32,808,780	1,584,354	1,389,637	39,608,858	34,198,417
Total liabilities	65,995,156	54,561,425	15,118,105	17,658,580	81,113,261	72,220,005
Deferred inflows of resources	4,278,915	5,336,156	143,879	150,936	4,422,794	5,487,092
Net position						
Net investment in capital assets	163,467,366	143,347,891	127,568,547	126,934,551	291,035,913	270,282,442
Restricted	29,889,601	33,060,671	-	-	29,889,601	33,060,671
Unrestricted (deficit)	(32,788,366)	(26,055,697)	74,023,410	70,232,964	41,235,044	44,177,267
Total net position	\$ 160,568,601	\$ 150,352,865	\$ 201,591,957	\$ 197,167,515	\$ 362,160,558	\$ 347,520,380

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 (8.3 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.

Governmental current and other liabilities has increased approximately \$7 million from the prior year. The City has significant capital projects in progress at June 30, 2019. The on-going construction projects include road and park improvements as well as the building of a new DPW building. The project contractors typically invoice the City monthly providing year end invoices to be included in the City's accounts payable at June 30, 2019.

The City's net position increased by \$13,118,363 from the restated prior year net position. This is an improvement from the prior year's \$8,129,384 increase. Compared to the prior year, the current year improvement can be attributed to City Council's commitment to its infrastructure. During fiscal year 2019, the City added \$33,293,473 of capital assets. Significant assets include park land acquisitions (Bosco property) and park improvements (ITC Trail), board walk repair program, new Department of Public Works building, gun range improvements, purchase of a fire ladder truck, water and sewer line improvements (Nine Mile Sanitary Relief Sewer and Grand River and Jo Drive Sanitary Sewer), neighborhood concrete street improvements of 6 street segments, neighborhood asphalt street improvements of 5 street segments, 20 local streets received concrete panel repair, Taft Road rehabilitation from 10 Mile Road to Grand River Avenue, 13 Mile Road rehabilitation from Novi Road to Meadowbrook and replacement of inefficient vehicles and equipment.

CITY OF NOVI, MICHIGAN

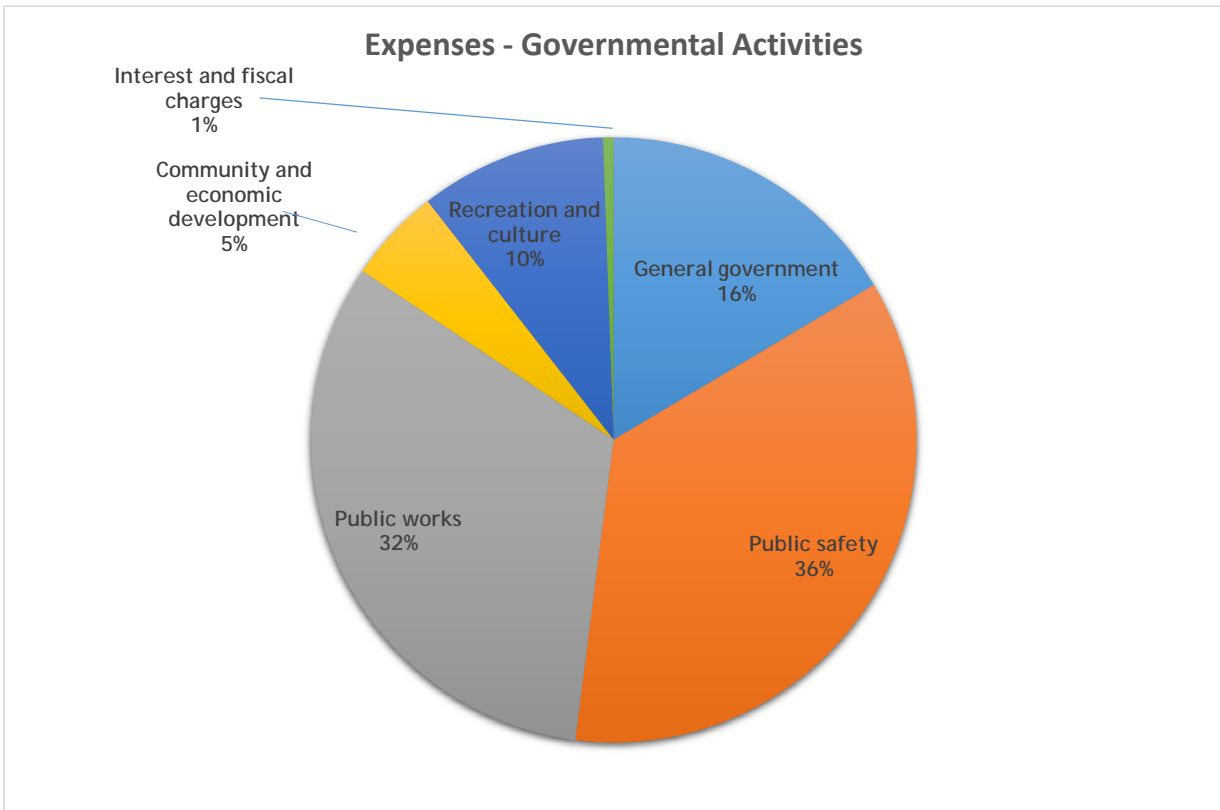
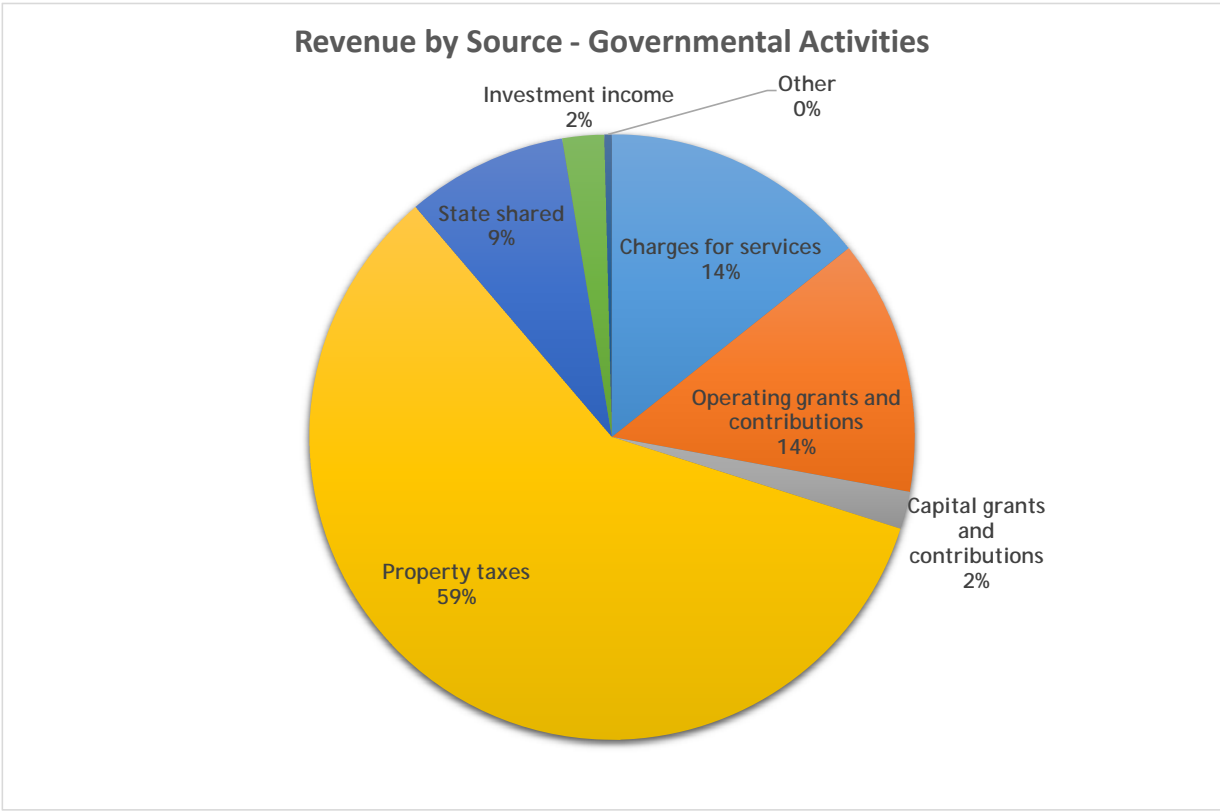
Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 9,373,550	\$ 8,510,755	\$ 27,831,892	\$ 27,779,054	\$ 37,205,442	\$ 36,289,809
Operating grants and contributions	8,946,984	7,554,037	190,521	201,343	9,137,505	7,755,380
Capital grants and contributions	1,319,020	1,846,192	4,835,047	5,747,324	6,154,067	7,593,516
General revenues:						
Property taxes	38,636,830	36,658,748	-	-	38,636,830	36,658,748
State shared	5,658,307	5,173,080	-	-	5,658,307	5,173,080
Investment income	1,468,783	507,062	2,220,521	828,498	3,689,304	1,335,560
Other	266,640	540,126	33,061	29,118	299,701	569,244
Gain on sale of capital assets	114,911	-	-	-	114,911	-
Total revenues	65,785,025	60,790,000	35,111,042	34,585,337	100,896,067	95,375,337
Expenses						
General government	9,773,538	8,675,951	-	-	9,773,538	8,675,951
Public safety	21,159,849	21,017,000	-	-	21,159,849	21,017,000
Public works	19,254,786	18,641,199	-	-	19,254,786	18,641,199
Community and economic development	2,994,733	3,130,941	-	-	2,994,733	3,130,941
Recreation and culture	5,926,881	6,241,609	-	-	5,926,881	6,241,609
Interest and fiscal charges	340,183	367,468	-	-	340,183	367,468
Water and sewer	-	-	25,278,115	26,211,692	25,278,115	26,211,692
Ice arena	-	-	1,682,737	1,597,968	1,682,737	1,597,968
Senior housing	-	-	1,366,882	1,362,125	1,366,882	1,362,125
Total expenses	59,449,970	58,074,168	28,327,734	29,171,785	87,777,704	87,245,953
Change in net position, before transfers	6,335,055	2,715,832	6,783,308	5,413,552	13,118,363	8,129,384
Transfers	2,421,260	-	(2,421,260)	-	-	-
Change in net position	8,756,315	2,715,832	4,362,048	5,413,552	13,118,363	8,129,384
Net position:						
Beginning of year	150,352,865	147,637,033	197,167,515	191,753,963	347,520,380	339,390,996
Restatement - error	1,459,421	-	62,394	-	1,521,815	-
End of year	\$ 160,568,601	\$ 150,352,865	\$ 201,591,957	\$ 197,167,515	\$ 362,160,558	\$ 347,520,380

Governmental activities. Governmental activities increased the City's net position by \$8,756,315 (as compared to a prior year increase of \$2,715,832). Key elements of this increase and the change from the prior year include:

- Overall revenues increased from the prior year by \$5.0 million while expenses only increased by \$1.4 million.
- The City had an increase in property tax revenue of approximately \$2 million. The increase was due to an addition of \$196 million to the City's overall taxable value.
- Operating grants and contributions increased from the prior year by \$1.4 million. The increase was due to additional major and local street funding from the State of \$353,000, as well as an increase in tree fund revenue of \$753,000.
- Investment income increased from the prior year by \$962,000 which also contributed to an increase in overall net position for governmental activities.

Management's Discussion and Analysis

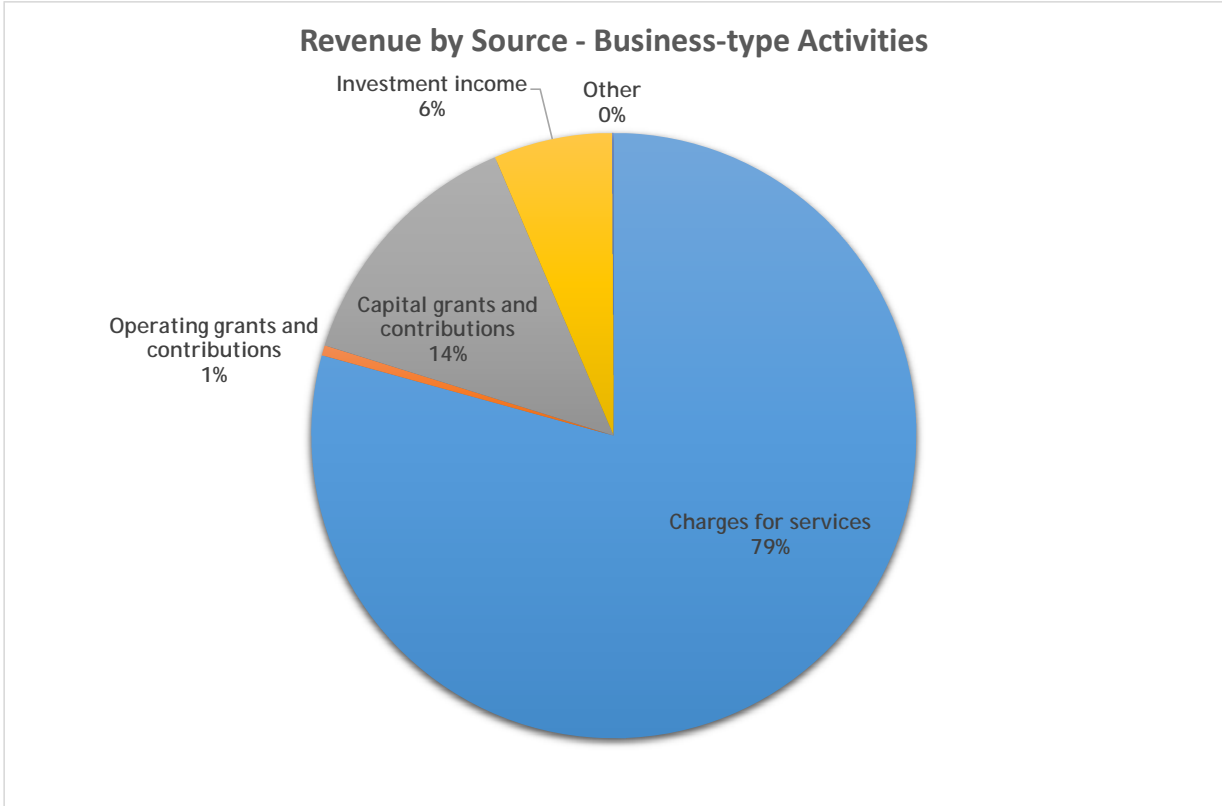


CITY OF NOVI, MICHIGAN

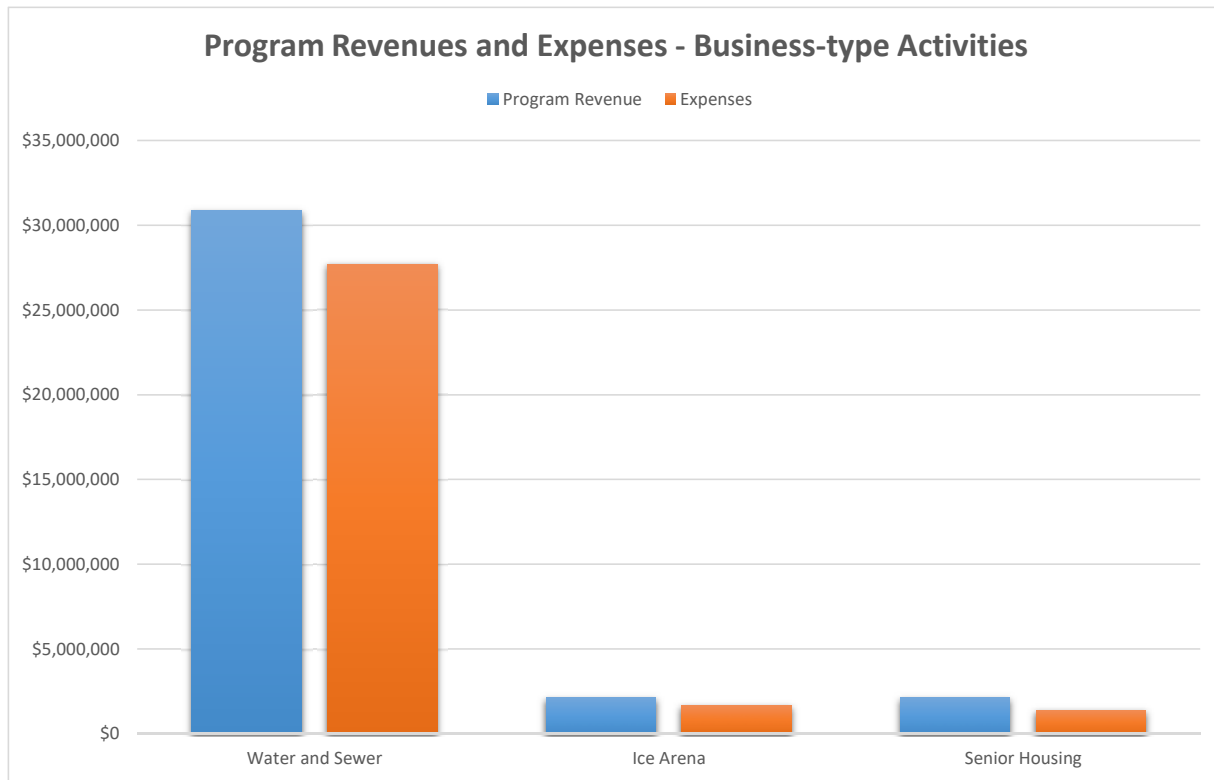
Management's Discussion and Analysis

Business-type activities. Business-type activities increased the City's net position by \$4,362,048 as compared to an increase of \$5,413,552 in the prior year. Key elements of this increase and the change from the prior year include:

- Business-type activities remained relatively consistent with the prior year. Expenses were slightly lower in the current year than the prior year. The decrease was due to the City's SAW grant ending in the prior year as well as a slight decrease in the amount of water water purchased by the City due to a wet spring. The Water and Sewer Fund also transferred \$2.4 million to the Capital Improvement Fund to fund its portion of the new DPW building.
- Investment income is approximately \$1.4 million greater in fiscal year 2019 than 2018. Interest on investments remained consistent between current year and prior at approximately \$1.2 million. Unrealized gains (losses) on investments increased by approximately \$1.4 million. The fluctuation is due to the volatility within the market place.



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 \$34,505,425 a decrease of \$10,302,273. The nonspendable portion of fund balance increased from \$230,122 to \$738,046. Nonspendable fund balance is not available for new spending because it has been set aside for the following purposes:

- for advances to other governments (\$381,259); and
- for prepaid items and other assets (\$356,787).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$9,722,965, while total fund balance was \$11,297,109. As of June 30, 2019, the unassigned fund balance represented 86.1% of total fund balance.

The fund balance of the City's general fund decreased by \$521,957 during the current fiscal year.

The Fiscal Year 2018-19 General Fund amended budget estimated expenditures and other financing uses to exceed revenues and other financing sources (decrease of fund balance) by \$1,720,766. The General Fund actual expenditures and other financing uses exceeded revenues and other financing sources by \$521,957 resulting in a decrease in fund balance. Revenues were slightly lower than expected due to a decrease in court revenues and miscellaneous income. The approximate \$1.3 million variance between the projected expenditures and actual expenditures is to be rolled over into fiscal year 2019/2020 for capital expenditures that were not completed during the fiscal year.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

The major street special revenue fund has a restricted fund balance of \$963,381 at year-end. The fund is used to account for the construction and maintenance needs of the City's major streets and sidewalks. The fund experienced a decrease of \$837,228 in fund balance in the current year. This decrease is a result of a transfer from the municipal street fund of \$2 million was originally budgeted to help fund various projects within the major street fund. As of June 30, 2019, the major street fund did not need the cash flow nor the additional revenue due to several projects being rolled over into fiscal year 2020. The ending fund balance is within current fund balance policies.

The local street special revenue fund has a restricted fund balance of \$599,570 at year-end. The fund is used to account for the construction and maintenance needs of the City's local streets and sidewalks. The fund experienced an increase of \$57,386 in fund balance in the current year. The local street fund's amended budget estimated the fund would increase fund balance by \$52,112 and the fund's actual increase was \$57,386. The fund was in line with its projected revenues and expenses for the fiscal year end.

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 \$6,701,765 at year-end. The fund balance decreased from prior year in the amount of \$8,823,730 as construction continued. The current fiscal year includes budgets for expansion of the Department of Public Works building, Lakeshore Park improvements, Villa Park parking lot, ITC trail, Bosco Property improvements, Pavilion Shore parking lot, gun range addition, boardwalks repairs and replacement and ladder truck purchase with a total budget of approximately \$30,448,000. As of June 30, 2019, approximately \$3 million of the budgeted \$17 million of interfund borrowings had been needed to advance fund the above construction projects and has paid \$7,250 of interest on the borrowing.

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 \$191,142,162. Of this amount, \$120,998,669 represents the net investment in capital assets and \$70,143,493 represents unrestricted net position. The fund had an increase in total net position for the year of \$3,173,518. 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 \$5,292,065. Of this amount, \$2,748,007 represents the net investment in capital assets and \$2,544,058 represents unrestricted net position. The fund had an increase in total net position for the year of \$435,607. The increase is consistent with prior years as the City utilizes excess net position to fund future capital needs.

Total net position of the senior housing fund at the end of the year amounted to \$5,157,730. Of this amount, \$3,821,871 represents the net investment in capital assets and \$1,335,859 represents unrestricted net position. The fund had an increase in total net position for the year of \$752,923. The increase is consistent with prior years as the City utilizes excess net position to fund future capital needs.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

The general fund ended the year with revenues of \$34,665,246, compared to the final budget amount of \$34,794,359. Additionally, expenditures and transfers out at year-end totaled \$35,242,582, compared to the final budget amount of \$36,575,125. Significant factors affecting changes from original to final budgeted figures and differences between the final budget and actual amounts were due to the following:

- Court fees and fines - This revenue was approximately \$65,000 less than the prior year and current year's final amended budget. Court fees are generated from the number of traffic tickets issued which can vary from year to year.
- Miscellaneous income - This revenue was approximately \$49,000 less than the prior year and less than anticipated. The account is a catch all for revenues that do not fit into any other classification. Examples of revenues recorded as miscellaneous are; assessing photo copy fees, election reimbursement and Pcard rebate revenue. The revenue in this account varies from year to year. The budget was originally set based on revenues from the previous year. Per review of the prior year activity compared to the current year, there were no significant cash receipts received in the prior year that the City did not receive in the current year.
- The favorable expenditure variance is made up of capital rollovers into next fiscal year. Capital expenditure rollovers total approximately \$1.3 million of the favorable variance and represents contracts/commitments the City has entered into that were not completed as of June 30, 2019 and will require a budget rollover amendment for the FY 2019/2020 fiscal year.
- The total current year expenditures stated above also includes an additional pension contribution of \$250,000 over and above the actuarial required annual contribution. In an effort to increase the City's total pension funding level, the Finance Department reviewed each department's budget for favorable year-end variances (savings) and \$250,000 was identified from the General Fund. Additional funds were identified in the Park and Recreation (\$10,000), Library (\$40,000) and Water and Sewer Funds (\$10,000). The City's combined additional pension contribution for fiscal year 2019 was \$310,000.
- Overall, total expenditures and transfers out of the General Fund increased from the June 30, 2018 total of \$33,525,014 by approximately \$1,718,000 or 5.1%. The primary reasons for the increase are an increase in capital outlay expenditures as well as a 1.5% increase in personnel costs. The overall makeup of the expenditures remains consistent with last year where personnel services costs (salaries and fringe benefits) make up more than 75% of the total expenditures.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounted to \$309,934,152 (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 12.4%, and for business-type activities decreased by 0.5%.

	Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 32,878,399	\$ 31,618,061	\$ 2,272,256	\$ 2,272,256	\$ 35,150,655	\$ 33,890,317
Construction in progress	21,104,221	3,905,901	2,608,301	698,265	23,712,522	4,604,166
Roads	65,073,952	65,651,546	-	-	65,073,952	65,651,546
Nonmotorized pathway improvements	7,953,404	7,857,701	-	-	7,953,404	7,857,701
Bridges	842,484	1,063,519	-	-	842,484	1,063,519
Drains	7,840,571	7,058,544	-	-	7,840,571	7,058,544
Buildings and Improvements	26,909,864	27,565,430	17,006,453	17,797,018	43,916,317	45,362,448
Machinery and equipment	5,799,674	5,257,037	1,034,646	829,269	6,834,320	6,086,306
Land improvements	2,427,584	1,847,819	1,119,294	1,180,953	3,546,878	3,028,772
Library books	2,585,452	2,485,105	-	-	2,585,452	2,485,105
Water and sewer distribution systems	-	-	112,477,597	114,486,790	112,477,597	114,486,790
Total	\$ 173,415,605	\$ 154,310,663	\$ 136,518,547	\$ 137,264,551	\$ 309,934,152	\$ 291,575,214

Major capital asset events during the current fiscal year included:

- Bosco land acquisition and improvements
- ITC Trail improvements
- Department of Public Works building
- Gun Range improvements
- Fire ladder truck
- Nine Mile Sanitary Relief Sewer
- Grand River and Jo Drive Sanitary Sewer
- Taft Road rehabilitation
- 13 Mile road rehabilitation

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 \$18,630,000. Of this amount, \$9,680,000 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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 9,680,000	\$ 10,645,000	\$ -	\$ -	\$ 9,680,000	\$ 10,645,000
Special assessment bonds	-	-	8,950,000	10,330,000	8,950,000	10,330,000
Unamortized premium	896,211	1,024,241	-	-	896,211	1,024,241
Compensated absences	2,288,506	1,973,686	74,725	72,876	2,363,231	2,046,562
Total	\$ 12,864,717	\$ 13,642,927	\$ 9,024,725	\$ 10,402,876	\$ 21,889,442	\$ 24,045,803

The City's total bonded debt decreased by \$2,345,000 (11.2 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 \$442,986,385.

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 2019-2020 budget, has General Fund revenues exceeding annual expenditures by \$248,785.

The 2020 fiscal year approved tax millage rate remained at 10.5376 from fiscal year 2019. Novi voters approved a 10-year capital improvement 1.0 mill in August 2016 which was levied for the first time during the 2017/2018 fiscal year. The total general fund tax revenue is expected to increase \$935,000 or 4% from fiscal year 2019.

The City continues to place an importance on its infrastructure in fiscal year 2020. The General Fund budget includes \$1.7 million for building upgrades as well as vehicle and equipment replacement. The three street funds plan to spend \$9 million on roads, intersections, signals, sidewalks and pathway projects throughout the City. The Parks, Recreation, and Cultural Services Fund has \$718,000 budgeted for Ella Mae Power Park field lighting, play structure replacements at Tim Pope Park and Ella Mae Power Park South.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF NOVI, MICHIGAN

Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
Assets				
Cash and cash equivalents	\$ 3,510,967	\$ 3,870,397	\$ 7,381,364	\$ 11,910
Investments	45,287,805	66,826,988	112,114,793	-
Receivables	3,279,093	6,317,527	9,596,620	-
Internal balances	(3,000,000)	3,000,000	-	-
Other assets	356,787	39,804	396,591	35,000
Capital assets not being depreciated	53,982,620	4,880,557	58,863,177	-
Capital assets being depreciated, net	119,432,985	131,637,990	251,070,975	-
Net other postemployment benefit asset	1,250,336	38,670	1,289,006	-
Total assets	224,100,593	216,611,933	440,712,526	46,910
Deferred outflows of resources				
Deferred charge on refunding	627,972	-	627,972	-
Deferred pension amounts	4,927,101	205,296	5,132,397	-
Deferred other postemployment benefit amounts	1,187,006	36,712	1,223,718	-
Total deferred outflows of resources	6,742,079	242,008	6,984,087	-
Liabilities				
Accounts payable and accrued liabilities	14,729,306	4,228,424	18,957,730	-
Refundable deposits	125,565	210,313	335,878	-
Unearned revenue	251,064	70,289	321,353	-
Long-term debt:				
Due within one year	2,973,835	1,454,725	4,428,560	-
Due in more than one year	9,890,882	7,570,000	17,460,882	-
Other liabilities due in more than one year - Net pension liability	38,024,504	1,584,354	39,608,858	-
Total liabilities	65,995,156	15,118,105	81,113,261	-
Deferred inflows of resources				
Deferred pension amounts	1,074,804	44,783	1,119,587	-
Deferred other postemployment benefit amounts	3,204,111	99,096	3,303,207	-
Total deferred inflows of resources	4,278,915	143,879	4,422,794	-
Net position				
Net investment in capital assets	163,467,366	127,568,547	291,035,913	-
Restricted for:				
Roads	8,418,252	-	8,418,252	-
Public safety	426,383	-	426,383	-
Community	2,282	-	2,282	-
Debt service	71,031	-	71,031	-
Infrastructure improvements	4,103,390	-	4,103,390	-
Parks, recreation, and cultural services	1,088,908	-	1,088,908	-
Library	3,777,340	-	3,777,340	-
Stormwater systems	6,784,663	-	6,784,663	-
Tree replacement and maintenance	4,309,283	-	4,309,283	-
Street lighting improvement	58,162	-	58,162	-
PEG access support fees	849,907	-	849,907	-
Unrestricted (deficit)	(32,788,366)	74,023,410	41,235,044	46,910
Total net position	\$ 160,568,601	\$ 201,591,957	\$ 362,160,558	\$ 46,910

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, 2019

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	\$ 9,773,538	\$ 4,127,393	\$ 456,882	\$ -	\$ (5,189,263)
Public safety	21,159,849	948,648	294,938	-	(19,916,263)
Public works	19,254,786	2,436,551	7,644,136	1,318,020	(7,856,079)
Community and economic development	2,994,733	362,344	66,103	-	(2,566,286)
Recreation and culture	5,926,881	1,498,614	484,925	1,000	(3,942,342)
Interest and fiscal charges	340,183	-	-	-	(340,183)
Total governmental activities	59,449,970	9,373,550	8,946,984	1,319,020	(39,810,416)
Business-type activities:					
Water and sewer	25,278,115	23,725,843	190,521	4,835,047	3,473,296
Ice Arena	1,682,737	2,021,295	-	-	338,558
Senior Housing	1,366,882	2,084,754	-	-	717,872
Total business-type activities	28,327,734	27,831,892	190,521	4,835,047	4,529,726
Total primary government	\$ 87,777,704	\$ 37,205,442	\$ 9,137,505	\$ 6,154,067	\$ (35,280,690)
Component unit					
Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

CITY OF NOVI, MICHIGAN

Statement of Activities
For the Year Ended June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
Change in net position				
Net (expense) revenue	\$ (39,810,416)	\$ 4,529,726	\$ (35,280,690)	\$ -
General revenues:				
Property taxes	38,636,830	-	38,636,830	-
State shared revenues	5,658,307	-	5,658,307	-
Investment income	1,468,783	2,220,521	3,689,304	3
Other	266,640	33,061	299,701	-
Gain on sale of capital assets	114,911	-	114,911	-
Transfers	2,421,260	(2,421,260)	-	-
Total general revenues	48,566,731	(167,678)	48,399,053	3
Change in net position	8,756,315	4,362,048	13,118,363	3
Net position, beginning of year, as restated	151,812,286	197,229,909	349,042,195	46,907
Net position, end of year	\$ 160,568,601	\$ 201,591,957	\$ 362,160,558	\$ 46,910

concluded.

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

CITY OF NOVI, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2019

	General Fund	Major Street Fund	Local Street Fund	Capital Improvement Program
Assets				
Cash and cash equivalents	\$ -	\$ 259,829	\$ 262,432	\$ 1,878,797
Investments	12,504,211	1,838,586	2,540,488	-
Receivables:				
Accrued interest	446,034	-	-	-
Other	386,396	-	-	-
Due from other governments	864,288	717,687	253,412	-
Advances to other governments	-	-	-	-
Prepaid items and other assets	242,421	-	-	10,000
Total assets	\$ 14,443,350	\$ 2,816,102	\$ 3,056,332	\$ 1,888,797
Liabilities				
Negative equity in pooled cash and cash equivalents	\$ 297,862	\$ -	\$ -	\$ -
Accounts payable	1,190,815	1,852,721	2,211,865	5,585,562
Accrued salaries and wages	1,202,369	-	-	-
Other accrued liabilities	322,692	-	-	5,000
Refundable deposits	119,710	-	-	-
Unearned revenue	6,167	-	244,897	-
Advances from other funds	-	-	-	3,000,000
Total liabilities	3,139,615	1,852,721	2,456,762	8,590,562
Deferred inflows of resources				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - other	6,626	-	-	-
Total deferred inflows of resources	6,626	-	-	-
Fund balances				
Nonspendable for prepaids	242,421	-	-	10,000
Nonspendable for advances to other governments	-	-	-	-
Restricted:				
Roads	-	963,381	599,570	-
Public safety	19,440	-	-	-
Community	2,282	-	-	-
Debt service	-	-	-	-
Infrastructure improvements	-	-	-	-
Parks, recreation, and cultural services	-	-	-	-
Library	-	-	-	-
Stormwater systems	-	-	-	-
Tree replacement and maintenance	-	-	-	-
Street lighting improvement	-	-	-	-
PEG access support fees	-	-	-	-
Assigned - subsequent year's budget	1,310,001	-	-	-
Unassigned (deficit)	9,722,965	-	-	(6,711,765)
Total fund balances	11,297,109	963,381	599,570	(6,701,765)
Total liabilities, deferred inflows of resources and fund balances	\$ 14,443,350	\$ 2,816,102	\$ 3,056,332	\$ 1,888,797

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,407,771	\$ 3,808,829
28,404,520	45,287,805
-	446,034
178,943	565,339
51,074	1,886,461
381,259	381,259
104,366	356,787
<u>\$ 30,527,933</u>	<u>\$ 52,732,514</u>

\$ -	297,862
1,495,159	12,336,122
128,437	1,330,806
493,973	821,665
5,855	125,565
-	251,064
-	3,000,000
<u>2,123,424</u>	<u>18,163,084</u>

51,074	51,074
6,305	12,931
<u>57,379</u>	<u>64,005</u>

104,366	356,787
381,259	381,259
6,374,042	7,936,993
406,943	426,383
-	2,282
163,849	163,849
4,103,390	4,103,390
1,085,915	1,085,915
3,776,425	3,776,425
6,784,663	6,784,663
4,309,283	4,309,283
58,162	58,162
849,907	849,907
-	1,310,001
(51,074)	2,960,126
<u>28,347,130</u>	<u>34,505,425</u>

<u>\$ 30,527,933</u>	<u>\$ 52,732,514</u>
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CITY OF NOVI, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2019

Fund balances - total governmental funds	\$ 34,505,425
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	53,982,620
Capital assets being depreciated, net	119,432,985
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 long-term special assessments, grants, and other receivables	64,005
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	(93,276)
Bonds payable	(9,680,000)
Unamortized bond premium	(896,211)
Accrued compensated absences	(2,288,506)
Unamortized deferred charge on refunding	627,972
Claims and judgments	(147,437)
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	(38,024,504)
Deferred outflows related to the net pension liability	4,927,101
Deferred inflows related to the net pension liability	(1,074,804)
Net other postemployment benefit asset	1,250,336
Deferred outflows related to the net other postemployment benefit asset	1,187,006
Deferred inflows related to the net other postemployment benefit asset	(3,204,111)
Net position of governmental activities	<u>\$ 160,568,601</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, 2019

	General Fund	Major Street Fund	Local Street Fund	Capital Improvement Program
Revenues				
Property taxes	\$ 22,941,100	\$ -	\$ -	\$ 3,543,185
Special assessments	-	-	-	-
Licenses, permits, and charges for services	4,524,898	-	-	-
Intergovernmental:				
Federal grants	71,879	-	-	-
State-shared revenue and grants	4,990,895	4,608,574	1,626,858	-
Other grants	-	-	-	-
Fines and forfeitures	450,056	-	-	-
Investment income	1,049,415	94,094	15,752	57,536
Other:				
Tap-in fees	-	-	-	-
Local donations	2,350	-	-	-
Recreational programs	-	-	-	-
Miscellaneous	634,653	-	-	-
Total revenues	34,665,246	4,702,668	1,642,610	3,600,721
Expenditures				
Current:				
General government	9,285,069	-	-	14,333
Public safety	19,509,058	-	-	2,678,106
Public works	3,777,639	3,692,896	5,585,224	8,867,748
Community and economic development	2,554,543	-	-	-
Recreation and culture	54,258	-	-	4,125,119
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	7,250
Total expenditures	35,180,567	3,692,896	5,585,224	15,692,556
Revenues over (under) expenditures	(515,321)	1,009,772	(3,942,614)	(12,091,835)
Other financing sources (uses)				
Proceeds from sale of capital assets	29,899	-	-	-
Insurance recovery	25,480	-	-	-
Transfers in	-	203,000	4,000,000	3,268,105
Transfers out	(62,015)	(2,050,000)	-	-
Total other financing sources (uses)	(6,636)	(1,847,000)	4,000,000	3,268,105
Net change in fund balances	(521,957)	(837,228)	57,386	(8,823,730)
Fund balances, beginning of year	11,819,066	1,800,609	542,184	2,121,965
Fund balances (deficit), end of year	\$ 11,297,109	\$ 963,381	\$ 599,570	\$ (6,701,765)

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 12,152,545	\$ 38,636,830
48,861	48,861
2,883,921	7,408,819
42,656	114,535
592,827	11,819,154
115,018	115,018
370,714	820,770
1,046,212	2,263,009
4,623	4,623
85,125	87,475
1,509,334	1,509,334
1,301,825	1,936,478
<u>20,153,661</u>	<u>64,764,906</u>
-	9,299,402
458,213	22,645,377
9,308,237	31,231,744
388,191	2,942,734
6,028,462	10,207,839
965,000	965,000
391,042	398,292
<u>17,539,145</u>	<u>77,690,388</u>
<u>2,614,516</u>	<u>(12,925,482)</u>
85,012	114,911
61,558	87,038
3,326,015	10,797,120
(6,263,845)	(8,375,860)
<u>(2,791,260)</u>	<u>2,623,209</u>
(176,744)	(10,302,273)
<u>28,523,874</u>	<u>44,807,698</u>
<u>\$ 28,347,130</u>	<u>\$ 34,505,425</u>

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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, 2019

Net change in fund balances - total governmental funds \$ (10,302,273)

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	28,239,950
Donated capital assets	916,851
Depreciation expense	(10,051,859)

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 special assessments receivable	(12,294)
Net change in accrued interest on long-term special assessments receivable	(738)
Net change in deferred inflows for grants receivable	1,389

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

Principal payments on long-term liabilities	965,000
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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 change in accrued interest payable on long-term debt	58,109
Change in net pension liability and related deferred amounts	(1,236,097)
Change in net other postemployment benefit asset and related deferred amounts	355,296
Change in the accrual for compensated absences	(314,820)
Change in the claims and judgments liability	137,801

Change in net position of governmental activities \$ 8,756,315

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	\$ 23,212,452	\$ 22,780,253	\$ 22,776,764	\$ (3,489)
Trailer fees	9,500	11,239	11,233	(6)
Penalties and interest	175,000	153,103	153,103	-
Licenses, permits, and charges for services	4,698,653	4,557,653	4,524,898	(32,755)
Intergovernmental:				
Federal grants	60,000	66,000	71,879	5,879
State grants	4,782,575	4,978,496	4,990,895	12,399
Fines and forfeitures	535,000	515,000	450,056	(64,944)
Investment income	559,826	1,051,645	1,049,415	(2,230)
Donations	1,500	3,100	2,350	(750)
Other	700,870	677,870	634,653	(43,217)
Total revenues	34,735,376	34,794,359	34,665,246	(129,113)
Expenditures				
Current:				
General government:				
City council	43,613	48,613	46,815	(1,798)
City manager	684,257	682,554	647,112	(35,442)
Finance	1,062,753	972,552	960,130	(12,422)
Treasury	366,705	340,642	331,059	(9,583)
Integrated solutions	1,140,342	1,198,584	1,168,737	(29,847)
Assessing	842,661	796,042	788,255	(7,787)
City attorney, insurance, and claims	807,428	767,428	747,932	(19,496)
City clerk	783,006	887,536	884,283	(3,253)
Facility management	906,441	1,024,889	1,004,091	(20,798)
Park maintenance	1,026,348	1,537,548	1,389,177	(148,371)
Human resources	492,757	505,697	498,429	(7,268)
Community relations	713,846	737,662	721,963	(15,699)
Economic development	268,559	162,090	97,086	(65,004)
Total general government	9,138,716	9,661,837	9,285,069	(376,768)
Public safety:				
Police	13,157,808	13,427,770	13,286,226	(141,544)
Fire	6,176,928	6,610,536	6,222,832	(387,704)
Total public safety	19,334,736	20,038,306	19,509,058	(529,248)
Public works:				
Administration	471,440	467,222	460,651	(6,571)
Engineering	570,479	526,195	516,477	(9,718)
Field operations	1,549,582	2,055,695	1,953,062	(102,633)
Fleet asset	839,947	1,001,159	847,449	(153,710)
Total public works	3,431,448	4,050,271	3,777,639	(272,632)

continued...

CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Community and economic development:				
Building	2,006,779	2,012,815	1,963,524	(49,291)
Planning	585,138	646,137	591,019	(55,118)
Total community and economic development	<u>2,591,917</u>	<u>2,658,952</u>	<u>2,554,543</u>	<u>(104,409)</u>
Recreation and culture:				
Youth assistance	53,759	53,759	49,250	(4,509)
Historical commission	8,000	14,000	5,008	(8,992)
Total recreation and culture	<u>61,759</u>	<u>67,759</u>	<u>54,258</u>	<u>(13,501)</u>
Total expenditures	<u>34,558,576</u>	<u>36,477,125</u>	<u>35,180,567</u>	<u>(1,296,558)</u>
Revenues over (under) expenditures	<u>176,800</u>	<u>(1,682,766)</u>	<u>(515,321)</u>	<u>1,167,445</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	30,000	29,899	101
Insurance recovery	30,000	30,000	25,480	4,520
Transfers out	(256,800)	(98,000)	(62,015)	(35,985)
Total other financing sources (uses)	<u>(226,800)</u>	<u>(38,000)</u>	<u>(6,636)</u>	<u>(31,364)</u>
Net change in fund balance	(50,000)	(1,720,766)	(521,957)	1,198,809
Fund balance, beginning of year	<u>11,819,066</u>	<u>11,819,066</u>	<u>11,819,066</u>	-
Fund balance, end of year	<u>\$ 11,769,066</u>	<u>\$ 10,098,300</u>	<u>\$ 11,297,109</u>	<u>\$ 1,198,809</u>

concluded.

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 - Major Street Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state shared:				
Gas and weight tax	\$ 4,037,014	\$ 4,115,000	\$ 4,123,583	\$ 8,583
State grants	-	485,000	484,991	(9)
Investment income	6,660	31,660	94,094	62,434
Total revenues	4,043,674	4,631,660	4,702,668	71,008
Expenditures				
Current -				
Public works	3,043,674	5,388,614	3,692,896	(1,695,718)
Revenues over (under) expenditures	1,000,000	(756,954)	1,009,772	1,766,726
Other financing sources (uses)				
Transfers in	-	2,000,000	203,000	(1,797,000)
Transfers out	(1,000,000)	(2,400,000)	(2,050,000)	(350,000)
Total other financing sources (uses)	(1,000,000)	(400,000)	(1,847,000)	(1,447,000)
Net change in fund balance	-	(1,156,954)	(837,228)	319,726
Fund balance, beginning of year	1,800,609	1,800,609	1,800,609	-
Fund balance, end of year	\$ 1,800,609	\$ 643,655	\$ 963,381	\$ 319,726

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 - Local Street Special Revenue Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state shared:				
Gas and weight tax	\$ 1,404,856	\$ 1,300,000	\$ 1,456,456	\$ 156,456
State grants	-	170,403	170,402	(1)
Investment income	4,117	10,654	15,752	5,098
Total revenues	1,408,973	1,481,057	1,642,610	161,553
Expenditures				
Current -				
Public works	6,030,973	6,580,601	5,585,224	(995,377)
Revenues under expenditures	(4,622,000)	(5,099,544)	(3,942,614)	1,156,930
Other financing sources				
Transfers in	4,676,000	5,151,656	4,000,000	(1,151,656)
Net change in fund balance	54,000	52,112	57,386	5,274
Fund balance, beginning of year	542,184	542,184	542,184	-
Fund balance, end of year	\$ 596,184	\$ 594,296	\$ 599,570	\$ 5,274

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

CITY OF NOVI, MICHIGAN

Statement of Net Position
 Proprietary Funds
 June 30, 2019

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Ice Arena	Senior Housing	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,490,279	\$ 243,709	\$ 136,409	\$ 3,870,397
Investments	62,986,799	2,326,269	1,513,920	66,826,988
Receivables:				
Taxes	208,677	-	-	208,677
Special assessments	947,820	-	-	947,820
Water and sewer billing	5,077,797	-	-	5,077,797
Other	-	80,568	2,665	83,233
Inventory	33,452	2,076	-	35,528
Prepaid items and other assets	-	2,266	2,010	4,276
Total current assets	72,744,824	2,654,888	1,655,004	77,054,716
Noncurrent assets:				
Advances to other funds	3,000,000	-	-	3,000,000
Capital assets not being depreciated	2,765,359	409,701	1,705,497	4,880,557
Capital assets being depreciated, net	118,233,310	4,833,306	8,571,374	131,637,990
Net other postemployment benefit asset	38,670	-	-	38,670
Total noncurrent assets	124,037,339	5,243,007	10,276,871	139,557,217
Total assets	196,782,163	7,897,895	11,931,875	216,611,933
Deferred outflows of resources				
Deferred pension amounts	205,296	-	-	205,296
Deferred other postemployment benefit amounts	36,712	-	-	36,712
Total deferred outflows of resources	242,008	-	-	242,008
Liabilities				
Current liabilities:				
Accounts payable	3,611,496	56,991	14,177	3,682,664
Accrued salaries and wages	41,073	3,206	12,021	56,300
Other accrued liabilities	359,140	5,190	125,130	489,460
Refundable deposits	-	45,443	164,870	210,313
Unearned revenue	67,342	-	2,947	70,289
Current portion of long-term debt	74,725	500,000	880,000	1,454,725
Total current liabilities	4,153,776	610,830	1,199,145	5,963,751
Noncurrent liabilities:				
Long-term debt, net of current portion	-	1,995,000	5,575,000	7,570,000
Net pension liability	1,584,354	-	-	1,584,354
Total noncurrent liabilities	1,584,354	1,995,000	5,575,000	9,154,354
Total liabilities	5,738,130	2,605,830	6,774,145	15,118,105
Deferred inflows of resources				
Deferred pension amounts	44,783	-	-	44,783
Deferred other postemployment benefit amounts	99,096	-	-	99,096
Total deferred inflows of resources	143,879	-	-	143,879
Net position				
Net investment in capital assets	120,998,669	2,748,007	3,821,871	127,568,547
Unrestricted	70,143,493	2,544,058	1,335,859	74,023,410
Total net position	\$ 191,142,162	\$ 5,292,065	\$ 5,157,730	\$ 201,591,957

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

CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Ice Arena	Senior Housing	Total
Operating revenues				
Charges for services:				
Sale of water	\$ 11,654,696	\$ -	\$ -	\$ 11,654,696
Sewage disposal charges	11,696,412	-	-	11,696,412
Concession sales	-	94,063	-	94,063
Installation fees	360,785	-	-	360,785
Rentals and other	13,950	1,927,232	2,084,754	4,025,936
Fines and forfeitures	190,521	-	-	190,521
Other	13,719	18,002	1,340	33,061
Total operating revenues	23,930,083	2,039,297	2,086,094	28,055,474
Operating expenses				
Water	9,096,766	-	-	9,096,766
Sewage treatment	8,812,028	-	-	8,812,028
Maintenance and operation	1,446,729	664,314	367,265	2,478,308
Depreciation	4,124,368	305,863	452,445	4,882,676
Salaries and fringes	1,424,153	-	-	1,424,153
Professional services	-	641,900	394,257	1,036,157
Supplies and other	374,071	-	-	374,071
Total operating expenses	25,278,115	1,612,077	1,213,967	28,104,159
Operating income (loss)	(1,348,032)	427,220	872,127	(48,685)
Nonoperating revenues (expenses)				
Interest income	2,107,763	79,047	33,711	2,220,521
Interest and fiscal charges	-	(70,660)	(152,915)	(223,575)
Total nonoperating revenues (expenses)	2,107,763	8,387	(119,204)	1,996,946
Income before capital contributions and transfers	759,731	435,607	752,923	1,948,261
Capital contributions				
Lines donated by developers and others	1,820,021	-	-	1,820,021
Customer assessments - tap fees	3,015,026	-	-	3,015,026
Total capital contributions	4,835,047	-	-	4,835,047
Transfers out	(2,421,260)	-	-	(2,421,260)
Change in net position	3,173,518	435,607	752,923	4,362,048
Net position, beginning of year, as restated	187,968,644	4,856,458	4,404,807	197,229,909
Net position, end of year	\$ 191,142,162	\$ 5,292,065	\$ 5,157,730	\$ 201,591,957

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

CITY OF NOVI, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Ice Arena	Senior Housing	Total
Cash flows from operating activities				
Cash received from customers	\$ 22,011,909	\$ 2,022,847	\$ 2,082,358	\$ 26,117,114
Cash payments for goods and services	(21,120,377)	(1,292,238)	(767,130)	(23,179,745)
Cash payments to employees	(1,410,404)	-	-	(1,410,404)
Net cash provided by (used in) operating activities	(518,872)	730,609	1,315,228	1,526,965
Cash flows from noncapital financing activities				
Transfers out	(2,421,260)	-	-	(2,421,260)
Cash flows from capital and related financing activities				
Acquisition/construction of capital assets	(2,270,989)	(34,380)	(11,282)	(2,316,651)
Principal paid on long-term debt	-	(490,000)	(890,000)	(1,380,000)
Interest paid on long-term debt	-	(70,660)	(152,915)	(223,575)
Purchase of securities	(141,578)	(323,462)	(289,192)	(754,232)
Customer assessments - tap fees	3,015,026	-	-	3,015,026
Net cash provided by (used in) capital and related financing activities	602,459	(918,502)	(1,343,389)	(1,659,432)
Cash flows from investing activities				
Interest and dividends received	2,107,763	79,047	33,711	2,220,521
Net change in cash and investments	(229,910)	(108,846)	5,550	(333,206)
Cash and investments, beginning of year	3,720,189	352,555	130,859	4,203,603
Cash and investments, end of year	\$ 3,490,279	\$ 243,709	\$ 136,409	\$ 3,870,397

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CITY OF NOVI, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Ice Arena	Senior Housing	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1,348,032)	\$ 427,220	\$ 872,127	(48,685)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	4,124,368	305,863	452,445	4,882,676
Change in assets and liabilities:				
Receivables:				
Taxes	144,588	-	-	144,588
Special assessments	76,286	-	-	76,286
Water and sewer billing	756,894	-	-	756,894
Other	-	(16,501)	(2,665)	(19,166)
Inventory	36,716	51	-	36,767
Prepaid items and other assets	83	(188)	(2,010)	(2,115)
Advances to other funds	(3,000,000)	-	-	(3,000,000)
Net other postemployment benefit asset	(7,362)	-	-	(7,362)
Deferred outflows of resources - pension amounts	(151,068)	-	-	(151,068)
Deferred outflows of resources - other postemployment benefit amounts	25,682	-	-	25,682
Accounts payable	(347,312)	27,907	4,024	(315,381)
Accrued salaries and wages	(43,012)	-	-	(43,012)
Other accrued liabilities	(1,034,554)	(955)	(9,467)	(1,044,976)
Refundable deposits	(9,000)	(12,788)	1,845	(19,943)
Unearned revenue	67,342	-	(1,071)	66,271
Compensated absences	1,849	-	-	1,849
Net pension liability	194,717	-	-	194,717
Deferred inflows of resources - pension amounts	(14,842)	-	-	(14,842)
Deferred inflows of resources - other postemployment benefit amounts	7,785	-	-	7,785
Net cash provided by (used in) operating activities	<u>\$ (518,872)</u>	<u>\$ 730,609</u>	<u>\$ 1,315,228</u>	<u>\$ 1,526,965</u>

Noncash item: During the year ended June 30, 2019, developers and others constructed water and sewer lines with an estimated value of \$1,820,021 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, 2019

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 450,559	\$ 44,556
Investments, at fair value:		
U.S. government securities	3,615,730	-
U.S. agency securities	1,098,259	-
Corporate bonds	648,003	-
Equities	17,426,397	-
Mutual funds	1,745,684	-
MERS Retiree Healthcare Funding Vehicle	5,847,339	-
Uncategorized	-	8,226,948
Total assets	<u>30,831,971</u>	<u>\$ 8,271,504</u>
Liabilities		
Accounts payable	-	\$ 434,187
Due to other governments	-	179,465
Refundable deposits	-	7,657,852
Total liabilities	<u>-</u>	<u>\$ 8,271,504</u>
Net position		
Restricted for other postemployment benefits	<u>\$ 30,831,971</u>	

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

CITY OF NOVI, MICHIGAN

Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2019

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund
Additions	
Contributions - Employer	\$ 363,994
Investment income:	
Net change in fair value of investments	1,753,395
Interest	470,889
Net investment income	2,224,284
Total additions	2,588,278
Deductions	
Healthcare insurance premiums	995,230
Administrative expense	293,629
Total deductions	1,288,859
Change in net position	1,299,419
Net position, beginning of year	29,532,552
Net position, end of year	\$ 30,831,971

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 only discretely presented component unit is 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

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, 2019 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.

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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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 *major street special revenue fund* is used to account for expenditures associated with the construction and maintenance needs of the major street portion (as defined by State Act 51) of the City’s street network. Of the 191.12 total centerline miles that make up the City of Novi road network, the City has 43.5 centerline miles of major streets. Financing is primarily provided by the City’s share of state gas and weight taxes.

The *local street special revenue fund* is used to account for expenditures associated with the construction and maintenance needs of the major street portion (as defined by State Act 51) of the City’s street network. Of the 191.12 total centerline miles that make up the City of Novi road network, the City has 147.62 centerline miles of local streets. Financing is primarily provided by the City’s share of state gas and weight taxes.

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

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.

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.

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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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	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 difference 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 for change in expected and actual investment returns, assumptions, and benefits provided in 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 for change in expected and actual investment returns, assumptions, and benefits provided in 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Interfund Transactions

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

Pensions and Other Postemployment Benefits

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

Special Assessments

Special assessments, if any, are recorded as revenues in the fund financial statements when due, not when levied. Estimated annual installments not yet available are reflected as deferred inflows of resources in the governmental fund financial statements and as revenues in the government-wide financial statements. Special assessments are billed July 1 and are due and payable August 31 with the 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 2018 property tax revenue was levied and collectible on July 1, 2018 and is recognized as revenue in the year ended June 30, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	4.8458	\$ 17,729,100
Police and fire supplemental millage	1.3790	5,045,200
Parks and recreation operations	0.3722	1,361,700
Library operations	0.7451	2,726,000
Street maintenance operations	1.4484	5,299,200
Drains maintenance operations	0.4157	1,520,200
Debt levies for library	0.3471	1,270,000
Capital improvements	0.9706	3,550,600
Economic development	0.0137	50,000
		<u>\$ 38,552,000</u>

Use of Estimates

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

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

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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

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, 2019, the City did not have any expenditures that were in excess of amounts appropriated.

Deficit Fund Equity

At year end, the City reported unrestricted fund balance deficits in the Capital Project Improvement Capital Projects Fund and the nonmajor Community Development Block Grant Fund of \$6,711,765 and \$51,074, respectively. The deficit in the Capital Improvement Program Capital Projects Fund resulted largely from internal borrowing. In the City's annual capital improvement plan, City Council identified and approved six projects to be funded by this new levy. These projects are significant and difficult to construct over a multi-year period. City Council approved the work to begin immediately on several of the projects which had current year expenditures of \$15,685,306. 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 filed a preliminary deficit elimination plan ("DEP") with the State of Michigan on July 1, 2019. 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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, 2018	\$ (2,245,115)
Current year building permit revenue	2,202,787
Related costs	<u>(2,200,778)</u>
Cumulative shortfall at June 30, 2019	<u>\$ (2,243,106)</u>

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2019:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	\$ 7,381,364	\$ 11,910	\$ 7,393,274
Investments	112,114,793	-	112,114,793
Statement of fiduciary net position			
Postemployment benefits -			
Retiree healthcare benefits trust funds:			
Cash and cash equivalents	450,559	-	450,559
Investments	30,381,412	-	30,381,412
Agency funds -			
Cash and cash equivalents	44,556	-	44,556
Investments	<u>8,226,948</u>	-	<u>8,226,948</u>
Total	<u>\$ 158,599,632</u>	<u>\$ 11,910</u>	<u>\$ 158,611,542</u>
Deposits and investments			
Bank deposits:			
Checking / savings accounts			\$ 6,516,113
Certificates of deposit (all due within one year)			15,680,080
Portfolio cash - Retiree Health Care Benefits Trust Fund			363,301
Investments:			
City pool			105,665,881
Retiree Health Care Benefits Trust Fund			30,381,412
Cash on hand			<u>4,755</u>
Total			<u>\$ 158,611,542</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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, 2019, \$11,448,737 of the City’s bank balance of \$23,018,742 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, 2019, none of the City’s investments, excluding the money market accounts which are not subject to custodial credit risk.

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

	City	Retiree Health Care Benefits Trust Fund
U.S. government securities	\$ 5,987,290	\$ 3,615,730
U.S. agency securities	24,325,383	1,098,259
Corporate bonds	-	648,003
Municipal bonds	30,477,991	-
Equities	-	17,426,397
Mutual funds	-	1,745,684
Commercial paper	22,312,289	-
MERS Retiree Healthcare Funding Vehicle	-	5,847,339
Bank investment pool - Oakland County	22,562,928	-
Total investments	<u>\$ 105,665,881</u>	<u>\$ 30,381,412</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	\$ -	\$ 74,099
Standard & Poor's AA+	26,674,275	431,856
Standard & Poor's AA	8,245,501	-
Standard & Poor's AA-	6,871,984	52,349
Standard & Poor's A+	1,094,635	-
Standard & Poor's A-	698,378	248,577
Standard & Poor's BBB+	-	272,978
Standard & Poor's A1	13,947,938	-
Standard & Poor's A2	8,364,351	-
Moody's Aaa	1,393,139	-
Moody's Aa	500,585	-
Moody's Aa1	7,437,055	-
Moody's Aa2	998,020	-
Unrated	6,877,092	4,282,133
Not subject to credit risk	22,562,928	25,019,420
Total investments	\$ 105,665,881	\$ 30,381,412

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, 2019, maturities of the City's investments were as follows:

	City	Retiree Health Care Benefits Trust Fund
Less than 1 year	\$ 46,510,090	\$ 180,814
1 - 5 years	26,556,095	1,245,143
6 - 10 years	10,036,768	2,484,801
More than 10 years	-	1,451,234
No maturity	22,562,928	25,019,420
Total	\$ 105,665,881	\$ 30,381,412

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, 2019, 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	19.3%
Bank investment pool - Oakland County	Oakland County	18.8%	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, 2019:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ 9,603,020	\$ -	\$ -	\$ 9,603,020
U.S. agency securities	23,759,389	1,664,253	-	25,423,642
Corporate bonds	-	648,003	-	648,003
Municipal bonds	-	30,477,991	-	30,477,991
Equities	17,112,948	313,449	-	17,426,397
Mutual funds	-	1,745,684	-	1,745,684
Commercial paper	-	22,312,289	-	22,312,289
MERS Retiree Healthcare Funding Vehicle	5,847,339	-	-	5,847,339
Bank investment pool - Oakland County	22,562,928	-	-	22,562,928
	<u>\$ 78,885,624</u>	<u>\$ 57,161,669</u>	<u>\$ -</u>	<u>\$ 136,047,293</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	\$ -	\$ 208,677
Special assessments receivable	-	947,820
Water and sewer billing receivable	-	5,077,797
Accrued interest receivable	446,034	-
Other receivables	565,339	83,233
Due from other governments	1,886,461	-
Advances to other governments	381,259	-
	<u>\$ 3,279,093</u>	<u>\$ 6,317,527</u>
Amount not expected to be collected within one year	<u>\$ 381,259</u>	<u>\$ 947,820</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	\$ 12,336,122	\$ 3,682,664
Accrued salaries and wages	1,330,806	56,300
Other accrued liabilities	821,665	489,460
Accrued interest payable	93,276	-
Claims and judgments payable	147,437	-
	<u>\$ 14,729,306</u>	<u>\$ 4,228,424</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

	Advances to Other Funds	Advances from Other Funds
Capital improvement program capital projects fund	\$ -	\$ 3,000,000
Water and sewer enterprise fund	<u>3,000,000</u>	<u>-</u>
	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</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 reimbursement 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

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

Transfers Out	Transfers in				Total
	Major Street Fund	Local Street Fund	Capital Improvement Program	Nonmajor Funds	
General fund	\$ -	\$ -	\$ -	\$ 62,015	\$ 62,015
Major street fund	-	2,050,000	-	-	2,050,000
Nonmajor governmental funds	203,000	1,950,000	846,845	3,264,000	6,263,845
Water and sewer enterprise fund	-	-	2,421,260	-	2,421,260
	<u>\$ 203,000</u>	<u>\$ 4,000,000</u>	<u>\$ 3,268,105</u>	<u>\$ 3,326,015</u>	<u>\$ 10,797,120</u>

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

The transfer between the major street fund (a major special revenue fund) and the local street fund (a major special revenue fund) was allowable per Act 51. The transfer between the municipal streets fund (a nonmajor special revenue fund) and the major streets fund (a major special revenue fund), local streets fund (a major special revenue fund), and street improvement fund (a nonmajor special revenue fund) was to fund current and future street improvement projects. The transfer between the rubbish collection fund (a nonmajor special revenue fund) and the general fund was to subsidize unexpected expenditures paid from the rubbish collection fund. The transfer between the general fund to 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 transfers from the drain revenue fund (a nonmajor special revenue fund), gun range facility fund (a nonmajor capital projects fund), and the water and sewer enterprise fund to the capital improvement fund was to fund the construction of the Department of Public Works and Gun Range facilities. The transfer from the perpetual drain fund to the drain fund was to fund current and future drain improvement projects.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 31,618,061	\$ 1,260,338	\$ -	\$ -	\$ 32,878,399
Construction in progress	3,905,901	19,493,646	-	(2,295,326)	21,104,221
	<u>35,523,962</u>	<u>20,753,984</u>	<u>-</u>	<u>(2,295,326)</u>	<u>53,982,620</u>
Capital assets being depreciated:					
Roads	143,234,304	4,451,280	(6,851,655)	480,910	141,314,839
Nonmotorized pathway improvements	12,079,912	340,650	-	318,195	12,738,757
Bridges	2,388,888	-	-	(132,757)	2,256,131
Drains	17,484,297	86,833	-	1,418,989	18,990,119
Buildings and Improvements	47,896,067	509,975	-	59,312	48,465,354
Machinery and equipment	17,851,904	2,129,774	(393,000)	-	19,588,678
Land improvements	1,972,845	535,447	-	150,677	2,658,969
Library books	3,852,244	348,858	(387,107)	-	3,813,995
	<u>246,760,461</u>	<u>8,402,817</u>	<u>(7,631,762)</u>	<u>2,295,326</u>	<u>249,826,842</u>
Less accumulated depreciation for:					
Roads	(77,582,758)	(5,509,784)	6,851,655	-	(76,240,887)
Nonmotorized pathway improvements	(4,222,211)	(563,142)	-	-	(4,785,353)
Bridges	(1,325,369)	(88,278)	-	-	(1,413,647)
Drains	(10,425,753)	(723,795)	-	-	(11,149,548)
Buildings and Improvements	(20,330,637)	(1,224,853)	-	-	(21,555,490)
Machinery and equipment	(12,594,867)	(1,587,137)	393,000	-	(13,789,004)
Land improvements	(125,026)	(106,359)	-	-	(231,385)
Library books	(1,367,139)	(248,511)	387,107	-	(1,228,543)
	<u>(127,973,760)</u>	<u>(10,051,859)</u>	<u>7,631,762</u>	<u>-</u>	<u>(130,393,857)</u>
Total capital assets being depreciated, net	<u>118,786,701</u>	<u>(1,649,042)</u>	<u>-</u>	<u>2,295,326</u>	<u>119,432,985</u>
Governmental activities capital assets, net	<u>\$ 154,310,663</u>	<u>\$ 19,104,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,415,605</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	698,265	1,910,036	-	-	2,608,301
	<u>2,970,521</u>	<u>1,910,036</u>	<u>-</u>	<u>-</u>	<u>4,880,557</u>
Capital assets being depreciated:					
Water and sewer distribution systems	193,993,758	1,820,021	(943,858)	-	194,869,921
Buildings and Improvements	29,717,337	11,280	-	-	29,728,617
Machinery and equipment	2,700,107	395,335	(67,172)	-	3,028,270
Land improvements	1,280,465	-	-	-	1,280,465
	<u>227,691,667</u>	<u>2,226,636</u>	<u>(1,011,030)</u>	<u>-</u>	<u>228,907,273</u>
Less accumulated depreciation for:					
Water and sewer distribution systems	(79,506,968)	(3,829,214)	943,858	-	(82,392,324)
Buildings and Improvements	(11,920,319)	(801,845)	-	-	(12,722,164)
Machinery and equipment	(1,870,838)	(189,958)	67,172	-	(1,993,624)
Land improvements	(99,512)	(61,659)	-	-	(161,171)
	<u>(93,397,637)</u>	<u>(4,882,676)</u>	<u>1,011,030</u>	<u>-</u>	<u>(97,269,283)</u>
Total capital assets being depreciated, net	<u>134,294,030</u>	<u>(2,656,040)</u>	<u>-</u>	<u>-</u>	<u>131,637,990</u>
Business-type activities capital assets, net	<u>\$ 137,264,551</u>	<u>\$ (746,004)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,518,547</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 528,832
Public safety	1,083,525
Public works	7,544,231
Community and economic development	41,296
Recreation and culture	<u>853,975</u>
Total governmental activities	<u>\$ 10,051,859</u>

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

Water and sewer	\$ 4,124,368
Ice arena	305,863
Senior housing	<u>452,445</u>
Total business-type activities	<u>\$ 4,882,676</u>

Construction commitments consisted of the following at June 30, 2019:

Sidewalks and pathways	\$ 935,539
Bridges	11,600
Street construction	4,556,042
Traffic signal	384,077
Land improvements	1,055,419
Building and improvements	6,044,836
Drains	821,452
Water and sewer	<u>16,473,291</u>
	<u>\$ 30,282,256</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2019:

	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%	\$ 2,265,000	\$ -	\$ (750,000)	\$ 1,515,000	\$ 750,000
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%	8,380,000	-	(215,000)	8,165,000	265,000
Total governmental activities general obligation bonds	10,645,000	-	(965,000)	9,680,000	1,015,000
Unamortized premium					
2016 Unlimited Tax Library Refunding Bonds	1,024,241	-	(128,030)	896,211	128,030
Compensated absences	1,973,686	2,401,910	(2,087,090)	2,288,506	1,830,805
Total governmental activities	\$ 13,642,927	\$ 2,401,910	\$ (3,180,120)	\$ 12,864,717	\$ 2,973,835

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%					
	\$ 2,985,000	\$ -	\$ (490,000)	\$ 2,495,000	\$ 500,000
2015 Senior Complex Recreation Facility Refunding Bonds, installments of \$850,000 to \$1,020,000 through October 1, 2025, interest at 2.29%					
	7,345,000	-	(890,000)	6,455,000	880,000
Total business-type activities general obligation bonds	10,330,000	-	(1,380,000)	8,950,000	1,380,000
Compensated absences	72,876	74,335	(72,486)	74,725	74,725
Total business-type activities	\$ 10,402,876	\$ 74,335	\$ (1,452,486)	\$ 9,024,725	\$ 1,454,725

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
2020	\$ 1,015,000	\$ 355,450	\$ 1,380,000	\$ 197,624
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
2025-2027	4,025,000	225,200	2,020,000	46,487
	\$ 9,680,000	\$ 1,555,950	\$ 8,950,000	\$ 717,086

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,	
	2019	2018
Estimated liability, beginning of year	\$ 285,238	\$ 260,964
Estimated claims incurred, including changes in estimates	(13,481)	325,201
Claim payments	<u>(124,320)</u>	<u>(300,927)</u>
Estimated liability, end of year	<u>\$ 147,437</u>	<u>\$ 285,238</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, 2019 was \$4.8458 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 2019 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 \$157,000 in reduced City tax revenues for fiscal year 2019.

The City uses the Tool and Die Renaissance Recovery Zone exemption (PA 376 of 1996) to promote economic activity and to maintain or increase the number of jobs available to residents of the area and to temporarily reduce the amount of taxes paid by certain industries in the state that are facing difficult times (the tool and die industry in particular), enabling it to use the opportunity of reduced operation costs to reposition itself to compete globally. Under the program, the City grants reductions of 100 percent of the property tax bill until year six when the exemption is phased out in 25 percent increments. For the fiscal year ended June 30, 2019, the City abated approximately \$700 of taxes under this program. There are no provisions to recapture taxes.

The City uses the Commercial Rehabilitation Project exemption (PA 210 of 2005) to enter into agreements with local businesses to construct new facilities within the established Commercial Rehabilitation District. Under the program, the City grants reductions of 100 percent of the ad valorem property taxes. For the fiscal year ended June 30, 2019, the City abated approximately \$42,000 of taxes under this program. There are no provisions to recapture taxes.

Additionally, Oakland County uses Brownfield Redevelopment Agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Brownfield's tax revenue is reduced. For the fiscal year ended June 30, 2019, the County abated approximately \$27,000 of City taxes under this program. There are no provisions to recapture taxes.

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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. At the December 31, 2018 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	200
Inactive employees entitled to but not yet receiving benefits	74
Active employees	<u>142</u>
 Total membership	 <u><u>416</u></u>

Contributions and Benefits Provided

Employer and employee contribution amounts or rates and benefits provided, by division/bargaining unit, were as follows for the year ended June 30, 2019:

- 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

The June 30, 2016 changes in benefit terms are due to the following:

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

The June 30, 2016 changes in assumptions are due to the following:

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

Although no explicit price inflation assumption is used in the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.50%.

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, 2018 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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	55.50%	6.15%	3.41%
Global fixed income	18.50%	1.26%	0.23%
Real assets	13.50%	7.22%	0.98%
Diversifying strategies	<u>12.50%</u>	5.00%	0.63%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2018 was 8.0%. 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.

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, 2017	\$ 99,770,490	\$ 65,572,073	\$ 34,198,417
Changes for the year:			
Service cost	1,225,434	-	1,225,434
Interest	7,788,580	-	7,788,580
Differences between expected and actual experience	(1,404,136)	-	(1,404,136)
Employer contributions	-	4,389,615	(4,389,615)
Employee contributions	-	528,872	(528,872)
Net investment loss	-	(2,592,555)	2,592,555
Benefit payments, including refunds of employee contributions	(6,051,911)	(6,051,911)	-
Administrative expense	-	(126,495)	126,495
Net changes	<u>1,557,967</u>	<u>(3,852,474)</u>	<u>5,410,441</u>
Balances at December 31, 2018	<u>\$ 101,328,457</u>	<u>\$ 61,719,599</u>	<u>\$ 39,608,858</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 8.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
\$ 50,859,161	\$ 39,608,858	\$ 30,086,926

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, 2019, the City recognized pension expense of \$5,678,429. 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	\$ 62,143	\$ 1,119,587	\$ (1,057,444)
Net difference between projected and actual earnings on pension plan investments	4,737,778	-	4,737,778
	4,799,921	1,119,587	3,680,334
Contributions subsequent to the measurement date	332,476	-	332,476
Total	\$ 5,132,397	\$ 1,119,587	\$ 4,012,810

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, 2020. 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
2020	\$ 1,180,328
2021	6,652
2022	935,770
2023	1,557,584
Total	\$ 3,680,334

Payable to the Pension Plan. At June 30, 2019, the City had no amounts 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 135 members participating in the DC plan as of June 30, 2019. During the year ended June 30, 2019, the City contributed \$541,687 to the plan.

14. POSTEMPLOYMENT HEALTH BENEFITS

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

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

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

Plans Membership. Membership of the plans consisted of the following at June 30, 2019:

Inactive plan members receiving or entitled to future benefits	80
Active plan members	<u>127</u>
Total	<u><u>207</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 general fund. Plan participants are required to make co-payments, as noted above. For the year ended June 30, 2019, the City made payments for postemployment health benefit premiums of \$363,994. Active plan members are required to contribute 20 percent of annual premiums to the plan.

Actuarial Assumptions. The total other postemployment liability was determined by respective actuarial valuations as of June 30, 2017 (and rolled forward to June 30, 2019), 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	20 years, closed
Asset valuation method	Market value of assets
Price inflation	2.5%
Salary increases	4.3% to 17.0%, including inflation
Investment rate of return	7.5%, net of OPEB plan investment expense
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	The RP-2000 Mortality Table projected 20 years with U.S. Projection Scale BB
Healthcare cost trend rate	9.0%, gradually decreasing to 4.0% in year 10
Excise tax	No load was applied in connection with the "Cadillac" tax
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

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

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

The actuarial assumptions used in the June 30, 2017 valuations were based on the results of an actuarial experience study for MERS. A report dated March 2, 2010 presented the results of this study.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. The long-term expected rate of return on other postemployment benefit plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the other postemployment benefit plan's target asset allocation as of June 30, 2019 (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	55.50%	6.65%	3.69%
Global fixed income	18.50%	1.76%	0.33%
Real assets	13.50%	7.72%	1.05%
Diversifying strategies	12.50%	5.50%	0.69%
	<u>100.00%</u>		
Inflation			2.50%
Risk adjustment			<u>-1.01%</u>
Investment rate of return			<u>7.25%</u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Discount Rate. A single discount rate of 7.25% 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 7.25%. 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.

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, 2018	\$ 28,154,293	\$ 29,532,552	\$ (1,378,259)
Changes for the year:			
Service cost	416,798	-	416,798
Interest	2,017,676	-	2,017,676
Differences between expected and actual experience	(15,504)	-	(15,504)
Employer contributions	-	363,994	(363,994)
Net investment income	-	2,224,284	(2,224,284)
Benefit payments, including refunds of employee contributions	(995,230)	(995,230)	-
Administrative expense	-	(293,629)	293,629
Other changes	(35,068)	-	(35,068)
Net changes	<u>1,388,672</u>	<u>1,299,419</u>	<u>89,253</u>
Balances at June 30, 2019	<u>\$ 29,542,965</u>	<u>\$ 30,831,971</u>	<u>\$ (1,289,006)</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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 7.25%, 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 (6.25%) or 1% higher (8.25%) than the current rate:

1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
\$ 2,659,476	\$ (1,289,006)	\$ (4,570,163)

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 9.0% graded down to 4.0% 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 (8.0% graded down to 3.0% over ten years) or 1% higher (10.0% graded down to 5.0% over ten years) than the current rate:

1% Decrease (8.0% graded down to 3.0%)	Current Healthcare Cost Trend Rate (9.0% graded down to 4.0%)	1% Increase (10.0% graded down to 5.0%)
\$ (4,966,225)	\$ (1,289,006)	\$ 3,038,259

Other postemployment benefit expense and deferred outflows/inflows of resources related to other postemployment benefits. For the year ended June 30, 2019, the City recognized other postemployment benefit expense of \$329,191. At June 30, 2019, 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	\$ -	\$ 2,717,870	\$ (2,717,870)
Changes in assumptions	1,223,718	-	1,223,718
Net difference between projected and actual earnings on other postemployment benefit plan investments	-	585,337	(585,337)
	<u>\$ 1,223,718</u>	<u>\$ 3,303,207</u>	<u>\$ (2,079,489)</u>

The net other postemployment benefit liability 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
2020	\$ (550,688)
2021	(550,688)
2022	(550,689)
2023	(386,696)
2024	(40,464)
2025	(264)
	<u>\$ (2,079,489)</u>

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2019, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 53,982,620	\$ 4,880,557
Capital assets being depreciated, net	119,432,985	131,637,990
	<u>173,415,605</u>	<u>136,518,547</u>
Related debt:		
Bonds payable	9,680,000	8,950,000
Unamortized bond premium	896,211	-
Less unamortized deferred charge on refunding	(627,972)	-
	<u>9,948,239</u>	<u>8,950,000</u>
Net investment in capital assets	<u>\$ 163,467,366</u>	<u>\$ 127,568,547</u>

16. RESTATEMENT

Beginning net position of governmental activities, water and sewer enterprise fund and business-type activities were restated to record deferred outflows for changes in assumptions related to the net other postemployment benefit asset. As a result of this change, beginning net position of governmental activities and the water and sewer enterprise fund/business-type activities were increased by \$1,459,421 and \$62,394, respectively.



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,				
	2015	2016	2017	2018	2019
Change in total pension liability					
Service cost	\$ 1,495,687	\$ 1,402,754	\$ 1,279,328	\$ 1,255,498	\$ 1,225,434
Interest	6,687,807	6,983,009	7,325,066	7,586,392	7,788,580
Changes of benefit terms	-	23,615	-	-	-
Differences between expected and actual experience	-	301,433	248,579	(366,993)	(1,404,136)
Changes of assumptions	-	3,305,619	-	-	-
Benefit payments, including refunds of member contributions	(4,385,711)	(4,731,967)	(5,335,884)	(5,813,104)	(6,051,911)
Net change in total pension liability	3,797,783	7,284,463	3,517,089	2,661,793	1,557,967
Total pension liability, beginning	82,509,362	86,307,145	93,591,608	97,108,697	99,770,490
Total pension liability, ending (a)	86,307,145	93,591,608	97,108,697	99,770,490	101,328,457
Change in plan fiduciary net position					
Contributions - employer	3,648,998	3,024,626	3,115,902	3,725,305	4,389,615
Contributions - member	712,076	652,652	602,714	558,097	528,872
Net investment income (loss)	3,399,244	(898,140)	6,176,312	7,797,188	(2,592,555)
Benefit payments, including refunds of member contributions	(4,385,711)	(4,731,967)	(5,335,884)	(5,813,104)	(6,051,911)
Administrative expense	(126,196)	(124,928)	(122,174)	(123,263)	(126,495)
Net change in plan fiduciary net position	3,248,411	(2,077,757)	4,436,870	6,144,223	(3,852,474)
Plan fiduciary net position, beginning	53,820,326	57,068,737	54,990,980	59,427,850	65,572,073
Plan fiduciary net position, ending (b)	57,068,737	54,990,980	59,427,850	65,572,073	61,719,599
City's net pension liability, ending (a)-(b)	\$29,238,408	\$38,600,628	\$37,680,847	\$34,198,417	\$39,608,858
Plan fiduciary net position as a percentage of the total pension liability	66.1%	58.8%	61.2%	65.7%	60.9%
Covered payroll	\$12,101,246	\$11,371,927	\$10,614,530	\$10,616,668	\$10,645,669
City's net pension liability as a percentage of covered payroll	241.6%	339.4%	355.0%	322.1%	372.1%

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

The June 30, 2016 changes in benefit terms are due to the following:

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

The June 30, 2016 changes in assumptions are due to the following:

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

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
6/30/2015	\$ 2,628,762	\$ 2,628,762	\$ -	\$ 12,710,865	20.7%
6/30/2016	3,054,597	3,054,597	-	12,074,423	25.3%
6/30/2017	3,137,158	3,137,158	-	11,360,375	27.6%
6/30/2018	3,769,303	4,219,303	(450,000)	12,710,865	33.2%
6/30/2019	3,963,525	4,273,525	(310,000)	11,316,209	37.8%

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

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates (2019, based on the 12/31/2016 actuarial valuation):

Actuarial cost method Entry-age normal
Amortization method Level percent of payroll, open
Remaining amortization period 22 years
Asset valuation method 5-year smooth market
Inflation 2.50%
Salary increases 3.75% in the long-term
Investment rate of return 7.75%, net of investment and administrative expense including inflation
Normal retirement age Age 60
Mortality 50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

CITY OF NOVI, MICHIGAN

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,		
	2017	2018	2019
Change in total other postemployment benefit liability			
Service cost	\$ 440,432	\$ 372,847	\$ 416,798
Interest	2,030,554	2,136,783	2,017,676
Differences between expected and actual experience	(86,522)	(4,022,732)	(15,504)
Changes of assumptions	-	1,819,912	-
Benefit payments, including refunds of member contributions	(885,353)	(948,145)	(995,230)
Other changes	-	-	(35,068)
Net change in total other postemployment benefit liability	1,499,111	(641,335)	1,388,672
Total other postemployment benefit liability, beginning	27,296,517	28,795,628	28,154,293
Total other postemployment benefit liability, ending (a)	28,795,628	28,154,293	29,542,965
Change in plan fiduciary net position			
Contributions - employer	617,207	613,678	363,994
Net investment income	3,399,591	2,845,010	2,224,284
Benefit payments, including refunds of member contributions	(885,353)	(948,145)	(995,230)
Administrative expense	(245,933)	(293,400)	(293,629)
Other	-	244	-
Net change in plan fiduciary net position	2,885,512	2,217,387	1,299,419
Plan fiduciary net position, beginning	24,429,653	27,315,165	29,532,552
Plan fiduciary net position, ending (b)	27,315,165	29,532,552	30,831,971
City's net other postemployment benefit liability (asset), ending (a)-(b)	\$ 1,480,463	\$ (1,378,259)	\$ (1,289,006)
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	94.86%	104.90%	104.36%
Covered payroll	\$10,711,843	\$10,800,824	\$10,505,955
City's net other postemployment benefit liability (asset) as a percentage of covered payroll	13.82%	-12.76%	-12.27%

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

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

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

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
6/30/2017	\$ 617,207	\$ 617,207	\$ -	\$ 10,711,843	5.8%
6/30/2018	613,678	647,350	(33,672)	10,800,824	6.0%
6/30/2019	277,674	363,994	(86,320)	10,505,955	3.5%

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

Notes to Schedule of Contributions

Valuation date June 30, 2017 (rolled forward to June 30, 2019)
 Notes Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal
 Amortization method Level dollar
 Remaining amortization period 20 years, closed
 Asset valuation method Market value of assets
 Price inflation 2.5%
 Salary increases 4.3% to 17.0%, including inflation
 Investment rate of return 7.5%, net of OPEB plan investment expense
 Retirement age Experience-based tables of rates that are specific to the type of eligibility condition
 Mortality The RP-2000 Mortality Table projected 20 years with U.S. Projection Scale BB
 Healthcare cost trend rate 9.0%, gradually decreasing to 4.0% in year 10
 Excise tax No load was applied in connection with the "Cadillac" tax
 Aging factors Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

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
6/30/2017	12.20%
6/30/2018	8.99%
6/30/2019	6.81%

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

**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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	\$ 23,212,452	\$ 22,780,253	\$ 22,776,764	\$ (3,489)
Trailer fees	9,500	11,239	11,233	(6)
Penalties and interest	175,000	153,103	153,103	-
Licenses, permits, and charges for services	4,698,653	4,557,653	4,524,898	(32,755)
Intergovernmental:				
Federal grants	60,000	66,000	71,879	5,879
State grants	4,782,575	4,978,496	4,990,895	12,399
Fines and forfeitures	535,000	515,000	450,056	(64,944)
Investment income	559,826	1,051,645	1,049,415	(2,230)
Donations	1,500	3,100	2,350	(750)
Other	700,870	677,870	634,653	(43,217)
Total revenues	34,735,376	34,794,359	34,665,246	(129,113)
Expenditures				
Current:				
General government:				
City council:				
Personnel services	36,113	36,121	36,117	(4)
Supplies	500	490	436	(54)
Other services and charges	7,000	12,002	10,262	(1,740)
Total city council	43,613	48,613	46,815	(1,798)
City manager:				
Personnel services	529,757	546,222	544,201	(2,021)
Supplies	1,500	2,257	1,452	(805)
Other services and charges	153,000	127,375	94,759	(32,616)
Capital outlay	-	6,700	6,700	-
Total city manager	684,257	682,554	647,112	(35,442)
Finance:				
Personnel services	975,303	882,353	872,273	(10,080)
Supplies	13,200	14,059	13,533	(526)
Other services and charges	74,250	76,140	74,324	(1,816)
Total finance	1,062,753	972,552	960,130	(12,422)
Treasury:				
Personnel services	272,930	286,723	280,166	(6,557)
Supplies	32,375	24,308	22,257	(2,051)
Other services and charges	51,700	29,611	28,636	(975)
Capital outlay	9,700	-	-	-
Total treasury	366,705	340,642	331,059	(9,583)

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (continued):				
Integrated solutions:				
Personnel services	\$ 772,937	\$ 811,720	\$ 803,907	\$ (7,813)
Supplies	47,150	55,278	55,226	(52)
Other services and charges	253,340	284,177	262,196	(21,981)
Capital outlay	66,915	47,409	47,408	(1)
Total integrated solutions	<u>1,140,342</u>	<u>1,198,584</u>	<u>1,168,737</u>	<u>(29,847)</u>
Assessing:				
Personnel services	614,411	619,138	615,354	(3,784)
Supplies	27,000	16,517	15,604	(913)
Other services and charges	201,250	160,387	157,297	(3,090)
Total assessing	<u>842,661</u>	<u>796,042</u>	<u>788,255</u>	<u>(7,787)</u>
City attorney, insurance, and claims:				
Other services and charges	757,428	754,042	734,547	(19,495)
Capital outlay	50,000	13,386	13,385	(1)
Total city attorney, insurance, and claims	<u>807,428</u>	<u>767,428</u>	<u>747,932</u>	<u>(19,496)</u>
City clerk:				
Personnel services	592,756	620,227	618,709	(1,518)
Supplies	53,000	46,962	46,871	(91)
Other services and charges	137,250	220,347	218,703	(1,644)
Total city clerk	<u>783,006</u>	<u>887,536</u>	<u>884,283</u>	<u>(3,253)</u>
Facility management:				
Personnel services	327,387	342,035	333,464	(8,571)
Supplies	18,500	16,852	15,696	(1,156)
Other services and charges	527,900	636,537	625,466	(11,071)
Capital outlay	32,654	29,465	29,465	-
Total facility management	<u>906,441</u>	<u>1,024,889</u>	<u>1,004,091</u>	<u>(20,798)</u>
Park maintenance:				
Personnel services	543,598	511,721	493,578	(18,143)
Supplies	23,500	29,344	29,216	(128)
Other services and charges	317,250	362,106	359,306	(2,800)
Capital outlay	142,000	634,377	507,077	(127,300)
Total park maintenance	<u>1,026,348</u>	<u>1,537,548</u>	<u>1,389,177</u>	<u>(148,371)</u>
Human resources:				
Personnel services	369,427	385,434	381,902	(3,532)
Supplies	1,000	532	333	(199)
Other services and charges	116,600	115,347	111,810	(3,537)
Capital outlay	5,730	4,384	4,384	-
Total human resources	<u>492,757</u>	<u>505,697</u>	<u>498,429</u>	<u>(7,268)</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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (concluded):				
Community relations:				
Personnel services	\$ 321,146	\$ 325,875	\$ 317,305	\$ (8,570)
Supplies	10,900	11,993	11,632	(361)
Other services and charges	381,800	399,794	393,026	(6,768)
Total community relations	<u>713,846</u>	<u>737,662</u>	<u>721,963</u>	<u>(15,699)</u>
Economic development:				
Personnel services	152,059	74,289	74,287	(2)
Supplies	-	1,118	1,117	(1)
Other services and charges	66,500	86,683	21,682	(65,001)
Capital outlay	50,000	-	-	-
Total economic development	<u>268,559</u>	<u>162,090</u>	<u>97,086</u>	<u>(65,004)</u>
Total general government	<u>9,138,716</u>	<u>9,661,837</u>	<u>9,285,069</u>	<u>(376,768)</u>
Public safety:				
Police:				
Personnel services	11,706,603	11,902,342	11,833,218	(69,124)
Supplies	319,010	323,986	314,713	(9,273)
Other services and charges	1,104,695	1,127,958	1,105,311	(22,647)
Capital outlay	27,500	73,484	32,984	(40,500)
Total police	<u>13,157,808</u>	<u>13,427,770</u>	<u>13,286,226</u>	<u>(141,544)</u>
Fire:				
Personnel services	4,938,613	4,972,223	4,940,973	(31,250)
Supplies	222,600	238,319	235,239	(3,080)
Other services and charges	650,825	721,125	708,248	(12,877)
Capital outlay	364,890	678,869	338,372	(340,497)
Total fire	<u>6,176,928</u>	<u>6,610,536</u>	<u>6,222,832</u>	<u>(387,704)</u>
Total public safety	<u>19,334,736</u>	<u>20,038,306</u>	<u>19,509,058</u>	<u>(529,248)</u>
Public works:				
Administration:				
Personnel services	279,300	296,042	292,766	(3,276)
Supplies	11,200	51,754	51,445	(309)
Other services and charges	180,940	119,426	116,440	(2,986)
Total administration	<u>471,440</u>	<u>467,222</u>	<u>460,651</u>	<u>(6,571)</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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public works (concluded):				
Engineering:				
Personnel services	\$ 557,312	\$ 520,831	\$ 513,570	\$ (7,261)
Supplies	2,000	2,000	1,637	(363)
Other services and charges	192,600	144,006	141,913	(2,093)
Allocated to other funds	(371,784)	(371,784)	(371,784)	-
Capital outlay	190,351	231,142	231,141	(1)
Total engineering	<u>570,479</u>	<u>526,195</u>	<u>516,477</u>	<u>(9,718)</u>
Field operations:				
Personnel services	1,991,302	1,904,222	1,876,502	(27,720)
Supplies	99,500	89,700	87,019	(2,681)
Maintenance	131,980	195,593	195,593	-
Other services and charges	461,800	459,384	434,718	(24,666)
Allocated to other funds	(1,675,000)	(1,487,000)	(1,352,113)	134,887
Capital outlay	540,000	893,796	711,343	(182,453)
Total field operations	<u>1,549,582</u>	<u>2,055,695</u>	<u>1,953,062</u>	<u>(102,633)</u>
Fleet asset:				
Personnel services	412,747	472,705	446,498	(26,207)
Supplies	31,000	45,515	45,102	(413)
Other services and charges	351,200	295,143	283,690	(11,453)
Allocated to other funds	(30,000)	(30,000)	(26,359)	3,641
Capital outlay	75,000	217,796	98,518	(119,278)
Total fleet asset	<u>839,947</u>	<u>1,001,159</u>	<u>847,449</u>	<u>(153,710)</u>
Total public works	<u>3,431,448</u>	<u>4,050,271</u>	<u>3,777,639</u>	<u>(272,632)</u>
Community and economic development:				
Building:				
Personnel services	1,626,679	1,756,861	1,743,253	(13,608)
Supplies	32,700	26,657	25,488	(1,169)
Other services and charges	347,400	229,297	194,783	(34,514)
Total building	<u>2,006,779</u>	<u>2,012,815</u>	<u>1,963,524</u>	<u>(49,291)</u>
Planning:				
Personnel services	472,438	477,946	472,904	(5,042)
Supplies	5,700	3,275	2,277	(998)
Other services and charges	57,000	164,916	115,838	(49,078)
Capital outlay	50,000	-	-	-
Total planning	<u>585,138</u>	<u>646,137</u>	<u>591,019</u>	<u>(55,118)</u>
Total community and economic development	<u>2,591,917</u>	<u>2,658,952</u>	<u>2,554,543</u>	<u>(104,409)</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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Recreation and culture:				
Youth assistance:				
Personnel services	\$ 47,259	\$ 44,447	\$ 41,246	\$ (3,201)
Supplies	6,500	9,202	7,897	(1,305)
Other services and charges	-	110	107	(3)
Total youth assistance	<u>53,759</u>	<u>53,759</u>	<u>49,250</u>	<u>(4,509)</u>
Historical commission -				
Other services and charges	<u>8,000</u>	<u>14,000</u>	<u>5,008</u>	<u>(8,992)</u>
Total recreation and culture	<u>61,759</u>	<u>67,759</u>	<u>54,258</u>	<u>(13,501)</u>
Total expenditures	<u>34,558,576</u>	<u>36,477,125</u>	<u>35,180,567</u>	<u>(1,296,558)</u>
Revenues over (under) expenditures	<u>176,800</u>	<u>(1,682,766)</u>	<u>(515,321)</u>	<u>1,167,445</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	30,000	29,899	101
Insurance recovery	30,000	30,000	25,480	4,520
Transfers out	<u>(256,800)</u>	<u>(98,000)</u>	<u>(62,015)</u>	<u>(35,985)</u>
Total other financing sources (uses)	<u>(226,800)</u>	<u>(38,000)</u>	<u>(6,636)</u>	<u>(31,364)</u>
Net change in fund balance	(50,000)	(1,720,766)	(521,957)	1,198,809
Fund balance, beginning of year	<u>11,819,066</u>	<u>11,819,066</u>	<u>11,819,066</u>	-
Fund balance, end of year	<u>\$ 11,769,066</u>	<u>\$ 10,098,300</u>	<u>\$ 11,297,109</u>	<u>\$ 1,198,809</u>

concluded.

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

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,611,648	\$ 3,539,156	\$ 3,543,185	\$ 4,029
Intergovernmental -				
State-shared revenue and grants	242,296	-	-	-
Investment income	5,000	55,991	57,536	1,545
Total revenues	3,858,944	3,595,147	3,600,721	5,574
Expenditures				
Current:				
General government:				
Other services and charges	-	1,748	1,748	-
Capital outlay	-	315,000	12,585	(302,415)
Total general government	-	316,748	14,333	(302,415)
Public safety -				
Capital outlay	1,111,362	2,831,216	2,678,106	(153,110)
Public works -				
Capital outlay	11,297,226	11,576,935	8,867,748	(2,709,187)
Recreation and culture -				
Capital outlay	8,899,976	13,038,584	4,125,119	(8,913,465)
Debt service:				
Principal	1,606,380	2,057,700	-	(2,057,700)
Interest and fiscal charges	680,000	627,300	7,250	(620,050)
Total expenditures	23,594,944	30,448,483	15,692,556	(14,755,927)
Revenues under expenditures	(19,736,000)	(26,853,336)	(12,091,835)	14,761,501
Other financing sources				
Proceeds from issuance of long-term debt	17,000,000	-	-	-
Transfers in	2,736,000	4,049,715	3,268,105	(781,610)
Total other financing sources	19,736,000	4,049,715	3,268,105	(781,610)
Net change in fund balance	-	(22,803,621)	(8,823,730)	13,979,891
Fund balance, beginning of year	2,098,493	2,121,965	2,121,965	-
Fund balance (deficit), end of year	\$ 2,098,493	\$ (20,681,656)	\$ (6,701,765)	\$ 13,979,891

CITY OF NOVI, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Project Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Assets					
Cash and investments	\$ 1,113,304	\$ 166,849	\$ 116,168	\$ 11,450	\$ 1,407,771
Investments	14,516,158	-	7,116,276	6,772,086	28,404,520
Receivables:					
Other	160,543	-	18,400	-	178,943
Due from other governments	51,074	-	-	-	51,074
Advances to other governments	381,259	-	-	-	381,259
Prepaid items and other assets	103,908	458	-	-	104,366
Total assets	\$ 16,326,246	\$ 167,307	\$ 7,250,844	\$ 6,783,536	\$ 30,527,933
Liabilities					
Accounts payable	1,413,562	-	81,597	-	1,495,159
Accrued salaries and wages	128,437	-	-	-	128,437
Other accrued liabilities	490,973	3,000	-	-	493,973
Refundable deposits	5,855	-	-	-	5,855
Total liabilities	2,038,827	3,000	81,597	-	2,123,424
Deferred inflows of resources					
Unavailable revenue - grants	51,074	-	-	-	51,074
Unavailable revenue - other	6,305	-	-	-	6,305
Total deferred inflows of resources	57,379	-	-	-	57,379
Fund balances					
Nonspendable for prepaids	103,908	458	-	-	104,366
Nonspendable for advances to other governments	381,259	-	-	-	381,259
Restricted:					
Roads	3,389,042	-	2,985,000	-	6,374,042
Public safety	326,086	-	80,857	-	406,943
Debt service	-	163,849	-	-	163,849
Infrastructure improvements	-	-	4,103,390	-	4,103,390
Parks, recreation, and cultural services	1,085,915	-	-	-	1,085,915
Library	3,776,425	-	-	-	3,776,425
Stormwater systems	1,127	-	-	6,783,536	6,784,663
Tree replacement and maintenance	4,309,283	-	-	-	4,309,283
Street lighting improvement	58,162	-	-	-	58,162
PEG access support fees	849,907	-	-	-	849,907
Unassigned (deficit)	(51,074)	-	-	-	(51,074)
Total fund balances	14,230,040	164,307	7,169,247	6,783,536	28,347,130
Total liabilities, deferred inflows of resources and fund balances	\$ 16,326,246	\$ 167,307	\$ 7,250,844	\$ 6,783,536	\$ 30,527,933

CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Project Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Revenues					
Property taxes	\$ 10,884,250	\$ 1,268,295	\$ -	\$ -	\$ 12,152,545
Special assessments	48,861	-	-	-	48,861
Licenses, permits, and charges for services	2,794,271	-	89,650	-	2,883,921
Intergovernmental:					
Federal grants	42,656	-	-	-	42,656
State-shared revenue and grants	592,827	-	-	-	592,827
Other grants	115,018	-	-	-	115,018
Fines and forfeitures	370,714	-	-	-	370,714
Investment income	683,642	71	136,961	225,538	1,046,212
Other:					
Tap-in fees	-	-	-	4,623	4,623
Local donations	85,125	-	-	-	85,125
Recreational programs	1,509,334	-	-	-	1,509,334
Miscellaneous	1,301,825	-	-	-	1,301,825
Total revenues	18,428,523	1,268,366	226,611	230,161	20,153,661
Expenditures					
Current:					
Public safety	363,401	-	94,812	-	458,213
Public works	5,572,737	-	3,735,500	-	9,308,237
Community and economic development	388,191	-	-	-	388,191
Recreation and culture	6,027,962	500	-	-	6,028,462
Debt service:					
Principal	-	965,000	-	-	965,000
Interest and fiscal charges	-	391,042	-	-	391,042
Total expenditures	12,352,291	1,356,542	3,830,312	-	17,539,145
Revenues over (under) expenditures	6,076,232	(88,176)	(3,603,701)	230,161	2,614,516
Other financing sources (uses)					
Proceeds from sale of capital assets	85,012	-	-	-	85,012
Insurance recovery	61,558	-	-	-	61,558
Transfers in	341,015	-	2,985,000	-	3,326,015
Transfers out	(5,738,930)	-	(245,915)	(279,000)	(6,263,845)
Total other financing sources (uses)	(5,251,345)	-	2,739,085	(279,000)	(2,791,260)
Net change in fund balances	824,887	(88,176)	(864,616)	(48,839)	(176,744)
Fund balances, beginning of year	13,405,153	252,483	8,033,863	6,832,375	28,523,874
Fund balances, end of year	\$ 14,230,040	\$ 164,307	\$ 7,169,247	\$ 6,783,536	\$ 28,347,130

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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.

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.

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.

CITY OF NOVI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2019

	Municipal Streets	Parks, Recreation, and Cultural Services	Tree	Drain Revenue
Assets				
Cash and cash equivalents	\$ 70,647	\$ 122,320	\$ 67,634	\$ 191,169
Investments	3,878,124	1,176,791	4,592,830	-
Receivables:				
Other	47,833	8,505	4,750	-
Due from other governments	-	-	-	-
Advances to other governments	381,259	-	-	-
Prepaid items and other assets	100,000	2,993	-	-
Total assets	\$ 4,477,863	\$ 1,310,609	\$ 4,665,214	\$ 191,169
Liabilities				
Accounts payable	\$ 319,744	\$ 151,601	\$ 161,061	\$ 187,431
Accrued salaries and wages	-	55,434	1,221	611
Other accrued liabilities	287,818	2,506	193,649	2,000
Refundable deposits	-	5,855	-	-
Total liabilities	607,562	215,396	355,931	190,042
Deferred inflows of resources				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - other	-	6,305	-	-
Total deferred inflows of resources	-	6,305	-	-
Fund balances				
Nonspendable for prepaids	100,000	2,993	-	-
Nonspendable for advances to other governments	381,259	-	-	-
Restricted:				
Roads	3,389,042	-	-	-
Public safety	-	-	-	-
Parks, recreation, and cultural services	-	1,085,915	-	-
Library	-	-	-	-
Stormwater systems	-	-	-	1,127
Tree replacement and maintenance	-	-	4,309,283	-
Street lighting improvement	-	-	-	-
PEG access support fees	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	3,870,301	1,088,908	4,309,283	1,127
Total liabilities, deferred inflows of resources and fund balances	\$ 4,477,863	\$ 1,310,609	\$ 4,665,214	\$ 191,169

PEG Cable	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection	West Oak Street Lighting
\$ 79,631	\$ -	\$ 50,501	\$ 50,303	\$ 16,834	\$ 401,079	\$ 44,208
688,729	-	277,205	2,223,520	1,678,959	-	-
90,048	-	-	-	-	9,407	-
-	51,074	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	915	-	-	-
<u>\$ 858,408</u>	<u>\$ 51,074</u>	<u>\$ 327,706</u>	<u>\$ 2,274,738</u>	<u>\$ 1,695,793</u>	<u>\$ 410,486</u>	<u>\$ 44,208</u>
\$ 1,019	\$ 51,074	\$ 1,620	\$ 104,795	\$ 19,707	\$ 410,486	\$ 1,153
7,482	-	-	63,689	-	-	-
-	-	-	5,000	-	-	-
-	-	-	-	-	-	-
<u>8,501</u>	<u>51,074</u>	<u>1,620</u>	<u>173,484</u>	<u>19,707</u>	<u>410,486</u>	<u>1,153</u>
-	51,074	-	-	-	-	-
-	-	-	-	-	-	-
-	51,074	-	-	-	-	-
-	-	-	915	-	-	-
-	-	-	-	-	-	-
-	-	326,086	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,100,339	1,676,086	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	43,055
849,907	-	-	-	-	-	-
-	(51,074)	-	-	-	-	-
<u>849,907</u>	<u>(51,074)</u>	<u>326,086</u>	<u>2,101,254</u>	<u>1,676,086</u>	<u>-</u>	<u>43,055</u>
<u>\$ 858,408</u>	<u>\$ 51,074</u>	<u>\$ 327,706</u>	<u>\$ 2,274,738</u>	<u>\$ 1,695,793</u>	<u>\$ 410,486</u>	<u>\$ 44,208</u>

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CITY OF NOVI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2019

	West Lake Drive Street Lighting	Town Center Street Lighting	Total
Assets			
Cash and cash equivalents	\$ 3,778	\$ 15,200	\$ 1,113,304
Investments	-	-	14,516,158
Receivables:			
Other	-	-	160,543
Due from other governments	-	-	51,074
Advances to other governments	-	-	381,259
Prepaid items and other assets	-	-	103,908
Total assets	\$ 3,778	\$ 15,200	\$ 16,326,246
Liabilities			
Accounts payable	\$ 468	\$ 3,403	\$ 1,413,562
Accrued salaries and wages	-	-	128,437
Other accrued liabilities	-	-	490,973
Refundable deposits	-	-	5,855
Total liabilities	468	3,403	2,038,827
Deferred inflows of resources			
Unavailable revenue - grants	-	-	51,074
Unavailable revenue - other	-	-	6,305
Total deferred inflows of resources	-	-	57,379
Fund balances			
Nonspendable for prepaids	-	-	103,908
Nonspendable for advances to other governments	-	-	381,259
Restricted:			
Roads	-	-	3,389,042
Public safety	-	-	326,086
Parks, recreation, and cultural services	-	-	1,085,915
Library	-	-	3,776,425
Stormwater systems	-	-	1,127
Tree replacement and maintenance	-	-	4,309,283
Street lighting improvement	3,310	11,797	58,162
PEG access support fees	-	-	849,907
Unassigned (deficit)	-	-	(51,074)
Total fund balances (deficits)	3,310	11,797	14,230,040
Total liabilities, deferred inflows of resources and fund balances	\$ 3,778	\$ 15,200	\$ 16,326,246

concluded.

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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, 2019

	Municipal Streets	Parks, Recreation, and Cultural Services	Tree	Drain Revenue
Revenues				
Property taxes	\$ 5,288,116	\$ 1,358,822	\$ -	\$ 1,517,012
Special assessments	13,032	-	-	-
Licenses, permits, and charges for services	44,124	-	-	-
Intergovernmental:				
Federal grants	-	-	-	-
State-shared revenue and grants	186,546	-	363,852	-
Other grants	115,018	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	267,514	49,417	143,284	20,411
Other:				
Local donations	-	38,770	-	-
Recreational programs	-	1,509,334	-	-
Miscellaneous	47,833	296	1,161,900	9,258
Total revenues	5,962,183	2,956,639	1,669,036	1,546,681
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	647,036	-	1,048,573	1,430,604
Community and economic development	-	-	-	-
Recreation and culture	-	2,979,108	-	-
Total expenditures	647,036	2,979,108	1,048,573	1,430,604
Revenues over (under) expenditures	5,315,147	(22,469)	620,463	116,077
Other financing sources (uses)				
Proceeds from sale of capital assets	-	5,012	-	80,000
Insurance recovery	61,558	-	-	-
Transfers in	-	50,000	-	279,000
Transfers out	(5,138,000)	-	-	(600,930)
Total other financing sources (uses)	(5,076,442)	55,012	-	(241,930)
Net change in fund balances	238,705	32,543	620,463	(125,853)
Fund balances (deficits), beginning of year	3,631,596	1,056,365	3,688,820	126,980
Fund balances (deficits), end of year	\$ 3,870,301	\$ 1,088,908	\$ 4,309,283	\$ 1,127

PEG Cable	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection	West Oak Street Lighting
\$ -	\$ -	\$ -	\$ 2,720,300	\$ -	\$ -	\$ -
-	-	-	-	-	-	7,529
362,344	-	-	-	-	2,387,803	-
-	42,656	-	-	-	-	-
-	-	-	42,429	-	-	-
-	-	-	-	-	-	-
-	-	185,026	185,688	-	-	-
23,447	-	12,849	99,764	55,211	11,724	14
-	-	-	18,106	28,249	-	-
-	-	-	-	-	-	-
-	-	12,735	64,469	-	5,334	-
<u>385,791</u>	<u>42,656</u>	<u>210,610</u>	<u>3,130,756</u>	<u>83,460</u>	<u>2,404,861</u>	<u>7,543</u>
-	-	363,401	-	-	-	-
-	-	-	-	-	2,416,876	6,790
324,052	64,139	-	-	-	-	-
-	-	-	2,934,052	114,802	-	-
<u>324,052</u>	<u>64,139</u>	<u>363,401</u>	<u>2,934,052</u>	<u>114,802</u>	<u>2,416,876</u>	<u>6,790</u>
<u>61,739</u>	<u>(21,483)</u>	<u>(152,791)</u>	<u>196,704</u>	<u>(31,342)</u>	<u>(12,015)</u>	<u>753</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	12,015	-
-	-	-	-	-	-	-
-	-	-	-	-	12,015	-
<u>61,739</u>	<u>(21,483)</u>	<u>(152,791)</u>	<u>196,704</u>	<u>(31,342)</u>	<u>-</u>	<u>753</u>
<u>788,168</u>	<u>(29,591)</u>	<u>478,877</u>	<u>1,904,550</u>	<u>1,707,428</u>	<u>-</u>	<u>42,302</u>
<u>\$ 849,907</u>	<u>\$ (51,074)</u>	<u>\$ 326,086</u>	<u>\$ 2,101,254</u>	<u>\$ 1,676,086</u>	<u>\$ -</u>	<u>\$ 43,055</u>

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CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
 Special Revenue Funds
 For the Year Ended June 30, 2019

	West Lake Drive Street Lighting	Town Center Street Lighting	Total
Revenues			
Property taxes	\$ -	\$ -	\$ 10,884,250
Special assessments	3,300	25,000	48,861
Licenses, permits, and charges for services	-	-	2,794,271
Intergovernmental:			
Federal grants	-	-	42,656
State-shared revenue and grants	-	-	592,827
Other grants	-	-	115,018
Fines and forfeitures	-	-	370,714
Investment income	1	6	683,642
Other:			
Local donations	-	-	85,125
Recreational programs	-	-	1,509,334
Miscellaneous	-	-	1,301,825
Total revenues	3,301	25,006	18,428,523
Expenditures			
Current:			
Public safety	-	-	363,401
Public works	2,696	20,162	5,572,737
Community and economic development	-	-	388,191
Recreation and culture	-	-	6,027,962
Total expenditures	2,696	20,162	12,352,291
Revenues over (under) expenditures	605	4,844	6,076,232
Other financing sources (uses)			
Proceeds from sale of capital assets	-	-	85,012
Insurance recovery	-	-	61,558
Transfers in	-	-	341,015
Transfers out	-	-	(5,738,930)
Total other financing sources (uses)	-	-	(5,251,345)
Net change in fund balances	605	4,844	824,887
Fund balances (deficits), beginning of year	2,705	6,953	13,405,153
Fund balances (deficits), end of year	\$ 3,310	\$ 11,797	\$ 14,230,040

concluded.

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	5,371,752	5,283,136	5,288,116	4,980
Special assessments	13,031	13,031	13,032	1
Licenses, permits, and charges for services	25,000	25,000	44,124	19,124
Intergovernmental:				
State-shared revenue and grants	175,000	179,981	186,546	6,565
Other grants	110,000	115,018	115,018	-
Investment income	10,186	215,049	267,514	52,465
Other -				
Miscellaneous	10,000	36,000	47,833	11,833
Total revenues	5,714,969	5,867,215	5,962,183	94,968
Expenditures				
Current -				
Public works:				
Other services and charges	579,775	579,872	575,089	(4,783)
Capital outlay	582,194	1,485,052	71,947	(1,413,105)
Total expenditures	1,161,969	2,064,924	647,036	(1,417,888)
Revenues over expenditures	4,553,000	3,802,291	5,315,147	1,512,856
Other financing sources (uses)				
Insurance recovery	-	61,558	61,558	-
Transfers out	(3,676,000)	(4,751,656)	(5,138,000)	(386,344)
Total other financing sources (uses)	(3,676,000)	(4,690,098)	(5,076,442)	(386,344)
Net change in fund balance	877,000	(887,807)	238,705	1,126,512
Fund balance, beginning of year	789,903	3,631,596	3,631,596	-
Fund balance, end of year	\$ 1,666,903	\$ 2,743,789	\$ 3,870,301	\$ 1,126,512

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,371,654	\$ 1,357,654	\$ 1,358,822	\$ 1,168
Investment income	20,805	35,339	49,417	14,078
Other:				
Local donations	24,500	41,573	38,770	(2,803)
Recreational programs	1,393,900	1,498,037	1,509,334	11,297
Miscellaneous	7,400	300	296	(4)
Total revenues	<u>2,818,259</u>	<u>2,932,903</u>	<u>2,956,639</u>	<u>23,736</u>
Expenditures				
Current -				
Recreation and culture:				
Personnel services	1,229,048	1,251,573	1,201,319	(50,254)
Supplies	73,180	114,556	61,314	(53,242)
Other services and charges	1,532,920	1,645,277	1,544,631	(100,646)
Capital outlay	239,911	398,095	171,844	(226,251)
Total expenditures	<u>3,075,059</u>	<u>3,409,501</u>	<u>2,979,108</u>	<u>(430,393)</u>
Revenues under expenditures	<u>(256,800)</u>	<u>(476,598)</u>	<u>(22,469)</u>	<u>454,129</u>
Other financing sources				
Proceeds from sale of capital assets	-	5,012	5,012	-
Transfers in	256,800	80,000	50,000	(30,000)
Total other financing sources	<u>256,800</u>	<u>85,012</u>	<u>55,012</u>	<u>(30,000)</u>
Net change in fund balance	-	(391,586)	32,543	424,129
Fund balance, beginning of year	<u>597,373</u>	<u>1,056,365</u>	<u>1,056,365</u>	-
Fund balance, end of year	<u>\$ 597,373</u>	<u>\$ 664,779</u>	<u>\$ 1,088,908</u>	<u>\$ 424,129</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Tree Special Revenue Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State-shared revenue and grants	\$ -	\$ 360,821	\$ 363,852	\$ 3,031
Investment income	60,090	107,482	143,284	35,802
Other -				
Miscellaneous	300,000	1,089,550	1,161,900	72,350
Total revenues	360,090	1,557,853	1,669,036	111,183
Expenditures				
Current -				
Public works:				
Personnel services	98,135	90,016	71,418	(18,598)
Supplies	1,000	1,000	971	(29)
Other services and charges	455,955	473,592	430,436	(43,156)
Capital outlay	-	778,179	545,748	(232,431)
Total expenditures	555,090	1,342,787	1,048,573	(294,214)
Net change in fund balance	(195,000)	215,066	620,463	405,397
Fund balance, beginning of year	3,623,847	3,688,820	3,688,820	-
Fund balance, end of year	\$ 3,428,847	\$ 3,903,886	\$ 4,309,283	\$ 405,397

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 961,410	\$ 1,516,637	\$ 1,517,012	\$ 375
Investment income	57,871	21,223	20,411	(812)
Other -				
Miscellaneous	10,000	10,000	9,258	(742)
Total revenues	<u>1,029,281</u>	<u>1,547,860</u>	<u>1,546,681</u>	<u>(1,179)</u>
Expenditures				
Current -				
Public works:				
Personnel services	25,206	23,439	23,438	(1)
Other services and charges	843,303	859,522	724,222	(135,300)
Capital outlay	828,665	3,158,277	682,944	(2,475,333)
Total expenditures	<u>1,697,174</u>	<u>4,041,238</u>	<u>1,430,604</u>	<u>(2,610,634)</u>
Revenues over (under) expenditures	<u>(667,893)</u>	<u>(2,493,378)</u>	<u>116,077</u>	<u>2,609,455</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	80,000	80,000	-
Transfers in	399,000	2,987,098	279,000	(2,708,098)
Transfers out	-	(700,700)	(600,930)	(99,770)
Total other financing sources (uses)	<u>399,000</u>	<u>2,366,398</u>	<u>(241,930)</u>	<u>(2,807,868)</u>
Net change in fund balance	<u>(268,893)</u>	<u>(126,980)</u>	<u>(125,853)</u>	<u>1,127</u>
Fund balance, beginning of year	<u>268,893</u>	<u>126,980</u>	<u>126,980</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,127</u>	<u>\$ 1,127</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - PEG Cable Special Revenue Fund
 For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 315,000	\$ 362,000	\$ 362,344	\$ 344
Investment income	2,388	9,938	23,447	13,509
Total revenues	<u>317,388</u>	<u>371,938</u>	<u>385,791</u>	<u>13,853</u>
Expenditures				
Current -				
Community and economic development:				
Personnel services	216,316	219,378	213,104	(6,274)
Supplies	2,272	6,282	5,650	(632)
Other services and charges	38,900	53,113	36,934	(16,179)
Capital outlay	59,900	84,364	68,364	(16,000)
Total expenditures	<u>317,388</u>	<u>363,137</u>	<u>324,052</u>	<u>(39,085)</u>
Net change in fund balance	-	8,801	61,739	52,938
Fund balance, beginning of year	<u>658,634</u>	<u>788,168</u>	<u>788,168</u>	-
Fund balance, end of year	<u>\$ 658,634</u>	<u>\$ 796,969</u>	<u>\$ 849,907</u>	<u>\$ 52,938</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Community Development Block Grant Special Revenue Fund
 For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 100,000	\$ 100,000	\$ 42,656	\$ (57,344)
Expenditures				
Current -				
Community and economic development -				
Other services and charges	100,000	100,000	64,139	(35,861)
Net change in fund balance	-	-	(21,483)	(21,483)
Fund balance (deficit), beginning of year	-	-	(29,591)	(29,591)
Fund balance (deficit), end of year	\$ -	\$ -	\$ (51,074)	\$ (51,074)

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal grants	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Fines and forfeitures	144,000	184,050	185,026	976
Investment income	4,695	9,564	12,849	3,285
Other -				
Miscellaneous	3,000	46,000	12,735	(33,265)
Total revenues	<u>156,695</u>	<u>244,614</u>	<u>210,610</u>	<u>(34,004)</u>
Expenditures				
Current -				
Public safety:				
Supplies	43,755	67,931	62,266	(5,665)
Other services and charges	525	525	524	(1)
Capital outlay	282,415	314,708	300,611	(14,097)
Total expenditures	<u>326,695</u>	<u>383,164</u>	<u>363,401</u>	<u>(19,763)</u>
Net change in fund balance	(170,000)	(138,550)	(152,791)	(14,241)
Fund balance, beginning of year	<u>317,508</u>	<u>478,877</u>	<u>478,877</u>	-
Fund balance, end of year	<u>\$ 147,508</u>	<u>\$ 340,327</u>	<u>\$ 326,086</u>	<u>\$ (14,241)</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Library Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,721,780	\$ 2,716,318	\$ 2,720,300	\$ 3,982
Intergovernmental -				
State-shared revenue and grants	34,000	34,000	42,429	8,429
Fines and forfeitures	162,000	179,795	185,688	5,893
Investment income	36,000	36,000	99,764	63,764
Other:				
Local donations	6,500	10,500	18,106	7,606
Miscellaneous	72,750	66,742	64,469	(2,273)
Total revenues	<u>3,033,030</u>	<u>3,043,355</u>	<u>3,130,756</u>	<u>87,401</u>
Expenditures				
Current -				
Recreation and culture:				
Personnel services	1,984,400	1,889,100	1,888,976	(124)
Supplies	588,300	579,200	488,386	(90,814)
Other services and charges	514,900	547,380	521,610	(25,770)
Capital outlay	70,000	60,800	35,080	(25,720)
Total expenditures	<u>3,157,600</u>	<u>3,076,480</u>	<u>2,934,052</u>	<u>(142,428)</u>
Net change in fund balance	(124,570)	(33,125)	196,704	229,829
Fund balance, beginning of year	<u>1,708,514</u>	<u>1,904,550</u>	<u>1,904,550</u>	-
Fund balance, end of year	<u>\$ 1,583,944</u>	<u>\$ 1,871,425</u>	<u>\$ 2,101,254</u>	<u>\$ 229,829</u>

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 22,500	\$ 22,500	\$ 55,211	\$ 32,711
Other -				
Local donations	10,500	23,664	28,249	4,585
Total revenues	<u>33,000</u>	<u>46,164</u>	<u>83,460</u>	<u>37,296</u>
Expenditures				
Current -				
Recreation and culture:				
Supplies	145,700	49,723	46,308	(3,415)
Capital outlay	-	83,750	68,494	(15,256)
Total expenditures	<u>145,700</u>	<u>133,473</u>	<u>114,802</u>	<u>(18,671)</u>
Net change in fund balance	(112,700)	(87,309)	(31,342)	55,967
Fund balance, beginning of year	<u>1,627,981</u>	<u>1,707,428</u>	<u>1,707,428</u>	-
Fund balance, end of year	<u>\$ 1,515,281</u>	<u>\$ 1,620,119</u>	<u>\$ 1,676,086</u>	<u>\$ 55,967</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Rubbish Collection Special Revenue Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 2,200,000	\$ 2,386,607	\$ 2,387,803	\$ 1,196
Investment income	-	1,000	11,724	10,724
Other -				
Miscellaneous	-	11,283	5,334	(5,949)
Total revenues	2,200,000	2,398,890	2,404,861	5,971
Expenditures				
Current -				
Public works-				
Other services and charges	2,200,000	2,416,890	2,416,876	(14)
Revenues under expenditures	-	(18,000)	(12,015)	5,985
Other financing sources				
Transfers in	-	18,000	12,015	(5,985)
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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 7,529	\$ 7,529	\$ 7,529	\$ -
Investment income	21	21	14	(7)
Total revenues	7,550	7,550	7,543	(7)
Expenditures				
Current -				
Public works -				
Other services and charges	10,000	10,000	6,790	(3,210)
Net change in fund balance	(2,450)	(2,450)	753	3,203
Fund balance, beginning of year	39,867	42,302	42,302	-
Fund balance, end of year	\$ 37,417	\$ 39,852	\$ 43,055	\$ 3,203

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 3,300	\$ 3,300	\$ 3,300	\$ -
Investment income	-	-	1	1
Total revenues	3,300	3,300	3,301	1
Expenditures				
Current -				
Public works -				
Other services and charges	3,500	3,500	2,696	(804)
Net change in fund balance	(200)	(200)	605	805
Fund balance, beginning of year	2,215	2,705	2,705	-
Fund balance, end of year	\$ 2,015	\$ 2,505	\$ 3,310	\$ 805

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Investment income	-	-	6	6
Total revenues	25,000	25,000	25,006	6
Expenditures				
Current -				
Public works -				
Other services and charges	25,000	25,000	20,162	(4,838)
Net change in fund balance	-	-	4,844	4,844
Fund balance, beginning of year	2,288	6,953	6,953	-
Fund balance, end of year	\$ 2,288	\$ 6,953	\$ 11,797	\$ 4,844

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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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,265,832	\$ 1,267,082	\$ 1,268,295	\$ 1,213
Investment income	518	518	71	(447)
Total revenues	<u>1,266,350</u>	<u>1,267,600</u>	<u>1,268,366</u>	<u>766</u>
Expenditures				
Current -				
Recreation and culture -				
Other services and charges	500	500	500	-
Debt service:				
Principal	965,000	965,000	965,000	-
Interest and fiscal charges	390,250	391,500	391,042	(458)
Total expenditures	<u>1,355,750</u>	<u>1,357,000</u>	<u>1,356,542</u>	<u>(458)</u>
Net change in fund balance	(89,400)	(89,400)	(88,176)	1,224
Fund balance, beginning of year	<u>241,741</u>	<u>252,483</u>	<u>252,483</u>	-
Fund balance, end of year	<u>\$ 152,341</u>	<u>\$ 163,083</u>	<u>\$ 164,307</u>	<u>\$ 1,224</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.

CITY OF NOVI, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 June 30, 2019

	Special Assessment Revolving	Street Improvement	Gun Range Facility	Total
Assets				
Cash and cash equivalents	\$ 72,627	\$ -	\$ 43,541	\$ 116,168
Investments	4,030,763	2,985,000	100,513	7,116,276
Receivables - Other	-	-	18,400	18,400
Total assets	<u>\$ 4,103,390</u>	<u>\$ 2,985,000</u>	<u>\$ 162,454</u>	<u>\$ 7,250,844</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 81,597	\$ 81,597
Fund balances				
Restricted:				
Roads	-	2,985,000	-	2,985,000
Public safety	-	-	80,857	80,857
Infrastructure improvements	4,103,390	-	-	4,103,390
Total fund balance	<u>4,103,390</u>	<u>2,985,000</u>	<u>80,857</u>	<u>7,169,247</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,103,390</u>	<u>\$ 2,985,000</u>	<u>\$ 162,454</u>	<u>\$ 7,250,844</u>

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, 2019

	Special Assessment Revolving	Street Improvement	Gun Range Facility	Total
Revenues				
Licenses, permits, and charges for services	\$ -	\$ -	\$ 89,650	\$ 89,650
Investment income	130,773	-	6,188	136,961
Total revenues	<u>130,773</u>	<u>-</u>	<u>95,838</u>	<u>226,611</u>
Expenditures				
Current:				
Public safety	-	-	94,812	94,812
Public works	500	3,735,000	-	3,735,500
Total expenditures	<u>500</u>	<u>3,735,000</u>	<u>94,812</u>	<u>3,830,312</u>
Revenues over (under) expenditures	<u>130,273</u>	<u>(3,735,000)</u>	<u>1,026</u>	<u>(3,603,701)</u>
Other financing sources (uses)				
Transfers in	-	2,985,000	-	2,985,000
Transfers out	-	-	(245,915)	(245,915)
Total other financing sources (uses)	<u>-</u>	<u>2,985,000</u>	<u>(245,915)</u>	<u>2,739,085</u>
Net change in fund balances	130,273	(750,000)	(244,889)	(864,616)
Fund balances, beginning of year	<u>3,973,117</u>	<u>3,735,000</u>	<u>325,746</u>	<u>8,033,863</u>
Fund balances, end of year	<u>\$ 4,103,390</u>	<u>\$ 2,985,000</u>	<u>\$ 80,857</u>	<u>\$ 7,169,247</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Special Assessment Revolving Capital Projects Fund
 For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 50,500	\$ 50,500	\$ 130,773	\$ 80,273
Expenditures				
Current -				
Public works -				
Other services and charges	500	500	500	-
Net change in fund balance	50,000	50,000	130,273	80,273
Fund balance, beginning of year	3,978,531	3,973,117	3,973,117	-
Fund balance, end of year	<u>\$ 4,028,531</u>	<u>\$ 4,023,117</u>	<u>\$ 4,103,390</u>	<u>\$ 80,273</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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Public works -				
Capital outlay	\$ -	\$ 3,735,000	\$ 3,735,000	\$ -
Other financing sources				
Transfers in	-	4,000,000	2,985,000	(1,015,000)
Net change in fund balance	-	265,000	(750,000)	(1,015,000)
Fund balance, beginning of year	-	3,735,000	3,735,000	-
Fund balance, end of year	\$ -	\$ 4,000,000	\$ 2,985,000	\$ (1,015,000)

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 90,000	\$ 70,000	\$ 89,650	\$ 19,650
Investment income	1,000	6,000	6,188	188
Total revenues	91,000	76,000	95,838	19,838
Expenditures				
Public safety -				
Capital outlay	90,800	95,974	94,812	(1,162)
Revenues over (under) expenditures	200	(19,974)	1,026	21,000
Other financing sources				
Transfers out	-	(245,915)	(245,915)	-
Net change in fund balance	200	(265,889)	(244,889)	21,000
Fund balance, beginning of year	90,313	325,746	325,746	-
Fund balance, end of year	\$ 90,513	\$ 59,857	\$ 80,857	\$ 21,000

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 35,000	\$ 145,122	\$ 225,538	\$ 80,416
Other -				
Tap-in fees	25,000	25,000	4,623	(20,377)
Total revenues	60,000	170,122	230,161	60,039
Other financing uses				
Transfers out	(399,000)	(2,987,098)	(279,000)	(2,708,098)
Net change in fund balance	(339,000)	(2,816,976)	(48,839)	2,768,137
Fund balance, beginning of year	2,707,887	6,832,375	6,832,375	-
Fund balance, end of year	\$ 2,368,887	\$ 4,015,399	\$ 6,783,536	\$ 2,768,137

CITY OF NOVI, MICHIGAN

Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<i>Trust and Agency</i>				
Assets				
Cash and cash equivalents	\$ 122	\$ 6,504,458	\$ (6,460,024)	\$ 44,556
Investments	6,770,991	2,673,823	(1,217,866)	8,226,948
Total assets	\$ 6,771,113	\$ 9,178,281	\$ (7,677,890)	\$ 8,271,504
Liabilities				
Accounts payable	\$ 346,727	\$ 4,302,310	\$ (4,214,850)	434,187
Due to other governments	201,158	152,017	(173,710)	179,465
Refundable deposits	6,223,228	4,723,954	(3,289,330)	7,657,852
Total liabilities	\$ 6,771,113	\$ 9,178,281	\$ (7,677,890)	\$ 8,271,504

CITY OF NOVI, MICHIGAN

Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

June 30, 2019

	Economic Development Corporation	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 11,910	\$ -	\$ 11,910
Other	35,000	-	35,000
Total assets	<u>\$ 46,910</u>	<u>-</u>	<u>46,910</u>
Fund balance			
Nonspendable	35,000	(35,000)	-
Unassigned	11,910	(11,910)	-
Total fund balance	<u>\$ 46,910</u>		
Net position - unrestricted		<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, 2019

	Economic Development Corporation	Adjustments	Statement of Activities
Revenues			
Investment income	\$ 3	\$ -	\$ 3
Fund balance / net position, beginning of year	<u>46,907</u>	<u>-</u>	<u>46,907</u>
Fund balance / net position, end of year	<u>\$ 46,910</u>	<u>\$ -</u>	<u>\$ 46,910</u>

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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.	148
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	160
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.	167
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.	172
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.	174

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)

	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 98,921,906	\$ 101,958,721	\$ 106,988,589	\$ 111,718,349
Restricted	45,653,695	42,916,961	41,427,834	37,289,012
Unrestricted (deficit)	8,329,201	12,295,232	10,690,782	10,826,405
Total governmental activities	\$ 152,904,802	\$ 157,170,914	\$ 159,107,205	\$ 159,833,766
Business-type activities				
Net investment in capital assets	\$ 122,111,095	\$ 120,045,947	\$ 117,789,163	\$ 117,914,884
Restricted	8,429,638	8,175,188	7,494,295	7,001,295
Unrestricted	42,387,922	45,978,922	49,270,297	48,625,422
Total business-type activities	\$ 172,928,655	\$ 174,200,057	\$ 174,553,755	\$ 173,541,601
Primary government				
Net investment in capital assets	\$ 221,033,001	\$ 222,004,668	\$ 224,777,752	\$ 229,633,233
Restricted	54,083,333	51,092,149	48,922,129	44,290,307
Unrestricted	50,717,123	58,274,154	59,961,079	59,451,827
Total primary government	\$ 325,833,457	\$ 331,370,971	\$ 333,660,960	\$ 333,375,367

Source: City's annual financial statements

2014	2015	2016	2017	2018	2019
\$ 113,868,196	\$ 118,345,243	\$ 126,474,197	\$ 138,682,792	\$ 143,347,891	\$ 163,467,366
35,240,527	38,576,210	37,216,395	31,767,695	33,060,671	29,889,601
(14,622,520)	(15,525,832)	(15,805,367)	(20,402,611)	(26,055,697)	(32,788,366)
<u>\$ 134,486,203</u>	<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>
\$ 116,089,327	\$ 122,420,958	\$ 123,718,769	\$ 125,665,962	\$ 126,934,551	\$ 127,568,547
1,136,154	-	-	-	-	-
58,721,199	58,968,795	62,575,016	66,158,721	70,232,964	74,023,410
<u>\$ 175,946,680</u>	<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>
\$ 229,957,523	\$ 240,766,201	\$ 250,192,966	\$ 264,348,754	\$ 270,282,442	\$ 291,035,913
36,376,681	38,576,210	37,216,395	31,767,695	33,060,671	29,889,601
44,098,679	43,442,963	46,769,649	45,756,110	44,177,267	41,235,044
<u>\$ 310,432,883</u>	<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>

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 6,404,820	\$ 6,315,571	\$ 6,610,466	\$ 6,943,746
Public safety	18,735,448	18,331,488	16,793,073	16,191,890
Public works	9,831,873	11,548,677	10,729,285	11,741,414
Community and economic development	1,317,373	1,241,411	2,617,585	2,699,301
Recreation and culture	7,719,230	5,151,212	5,595,861	5,730,397
Interest and fiscal charges	1,780,848	1,759,340	1,453,161	1,059,437
Total governmental activities	<u>45,789,592</u>	<u>44,347,699</u>	<u>43,799,431</u>	<u>44,366,185</u>
Business-type activities:				
Water and sewer	18,043,772	20,419,330	23,771,121	24,025,098
Ice Arena	1,669,542	1,704,596	1,710,615	1,919,478
Senior Housing	1,575,178	1,577,697	1,541,251	1,537,409
Total business-type activities	<u>21,288,492</u>	<u>23,701,623</u>	<u>27,022,987</u>	<u>27,481,985</u>
Total primary government expenses	<u>67,078,084</u>	<u>68,049,322</u>	<u>70,822,418</u>	<u>71,848,170</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	-	-	-	-
Public safety	1,780,059	2,438,917	3,181,849	3,186,862
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	1,210,039	1,300,084	1,422,483	1,655,335
Other activities	208,442	611,929	548,787	709,560
Operating grants and contributions	3,391,897	3,620,833	3,511,329	3,897,155
Capital grants and contributions	1,070,050	2,176,263	804,764	1,197,870
Total governmental activities	<u>7,660,487</u>	<u>10,148,026</u>	<u>9,469,212</u>	<u>10,646,782</u>
Business-type activities:				
Charges for services:				
Water and sewer	16,359,420	18,494,973	20,627,062	22,398,469
Ice Arena	2,067,836	2,078,643	2,003,689	2,104,536
Senior Housing	1,804,069	1,903,346	1,944,912	1,968,900
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,443,974	2,002,749	2,172,991	3,383,087
Total business-type activities	<u>21,675,299</u>	<u>24,479,711</u>	<u>26,748,654</u>	<u>29,854,992</u>
Total primary government program revenues	<u>29,335,786</u>	<u>34,627,737</u>	<u>36,217,866</u>	<u>40,501,774</u>
Net (expense)/revenue				
Government activities	(38,129,105)	(34,199,673)	(34,330,219)	(33,719,403)
Business-type activities	<u>386,807</u>	<u>778,088</u>	<u>(274,333)</u>	<u>2,373,007</u>
Total primary government net expense	<u>(37,742,298)</u>	<u>(33,421,585)</u>	<u>(34,604,552)</u>	<u>(31,346,396)</u>

2014	2015	2016	2017	2018	2019
\$ 6,378,078	\$ 6,073,981	\$ 7,260,647	\$ 5,064,097	\$ 7,822,056	\$ 9,773,538
17,216,678	17,649,289	18,811,184	22,712,180	21,046,372	21,159,849
12,455,654	11,305,231	12,136,916	15,781,996	18,638,195	19,254,786
3,072,448	3,065,875	3,954,669	3,565,698	4,060,811	2,994,733
6,100,940	6,004,747	5,666,367	5,697,673	6,236,403	5,926,881
963,702	839,175	777,562	399,077	367,467	340,183
<u>46,187,500</u>	<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>
23,001,139	24,413,229	27,282,209	25,569,364	26,211,694	25,278,115
1,771,615	2,107,211	1,735,010	1,657,727	1,597,966	1,682,737
1,548,478	1,556,956	1,898,830	1,393,543	1,358,521	1,366,882
<u>26,321,232</u>	<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>72,508,732</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>
-	-	-	-	-	4,127,393
1,198,711	1,026,876	1,017,405	986,285	438,432	948,648
-	-	-	-	-	2,436,551
-	-	-	-	-	362,344
1,592,012	1,622,497	2,176,230	1,688,012	1,644,806	1,498,614
2,547,217	3,524,521	3,706,651	4,964,178	5,244,540	-
4,525,924	5,289,006	5,663,304	5,663,346	6,662,970	8,946,984
651,597	777,202	847,547	1,561,439	1,846,192	1,319,020
<u>10,515,461</u>	<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>
21,663,401	21,474,451	24,666,297	24,184,714	23,997,466	23,725,843
2,143,962	2,171,061	2,202,031	2,132,426	1,957,549	2,021,295
1,992,761	2,004,464	2,020,797	2,037,187	2,050,896	2,084,754
-	-	-	-	-	190,521
2,905,677	6,764,583	5,337,278	5,718,715	5,747,324	4,835,047
<u>28,705,801</u>	<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>39,221,262</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>
(35,672,039)	(32,698,196)	(35,196,208)	(38,357,461)	(42,334,364)	(39,810,416)
2,384,569	4,337,163	3,310,354	5,452,408	4,585,054	4,529,726
<u>(33,287,470)</u>	<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>

continued...

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2010	2011	2012	2013
General revenues and transfers				
Governmental activities:				
Property taxes	\$ 37,137,888	\$ 32,550,375	\$ 30,183,881	\$ 29,620,564
State shared revenues	3,046,979	3,725,690	3,990,693	4,074,589
Cable franchise fees	535,804	601,350	722,065	991,272
Investment income	593,064	626,449	881,869	(770,389)
Other	823,054	961,921	466,110	529,928
Gain on sale of capital assets	-	-	-	-
Transfers	-	-	21,892	-
Total governmental activities	<u>42,136,789</u>	<u>38,465,785</u>	<u>36,266,510</u>	<u>34,445,964</u>
Business-type activities:				
Investment income	388,711	493,314	649,923	(885,154)
Other	-	-	-	-
Transfers	-	-	(21,892)	-
Total business-type activities	<u>388,711</u>	<u>493,314</u>	<u>628,031</u>	<u>(885,154)</u>
Total primary government	<u>42,525,500</u>	<u>38,959,099</u>	<u>36,894,541</u>	<u>33,560,810</u>
Change in net position				
Governmental activities	4,007,684	4,266,112	1,936,291	726,561
Business-type activities	775,518	1,271,402	353,698	1,487,853
Total primary government	<u>\$ 4,783,202</u>	<u>\$ 5,537,514</u>	<u>\$ 2,289,989</u>	<u>\$ 2,214,414</u>

Source: City's annual financial statements

Schedule 2
Unaudited

2014	2015	2016	2017	2018	2019
\$ 30,059,401	\$ 31,673,469	\$ 32,932,970	\$ 33,087,219	\$ 36,658,748	\$ 38,636,830
4,170,809	4,696,805	4,963,301	4,651,780	5,173,080	5,658,307
801,256	1,105,163	1,334,136	1,304,367	1,288,833	-
1,436,616	2,132,177	2,455,405	219,207	733,912	1,468,783
216,711	-	-	1,017,539	1,195,623	266,640
-	-	-	-	-	114,911
-	-	-	240,000	-	2,421,260
<u>36,684,793</u>	<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>
622,902	1,104,990	1,593,678	318,490	828,498	2,220,521
495,955	920	-	-	-	33,061
-	-	-	(240,000)	-	(2,421,260)
<u>1,118,857</u>	<u>1,105,910</u>	<u>1,593,678</u>	<u>78,490</u>	<u>828,498</u>	<u>(167,678)</u>
<u>37,803,650</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>
1,012,754	6,909,418	6,489,604	2,162,651	2,715,832	8,756,315
3,503,426	5,443,073	4,904,032	5,530,898	5,413,552	4,362,048
<u>\$ 4,516,180</u>	<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>

concluded.

CITY OF NOVI, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013
General fund				
Nonspendable	\$ -	\$ 1,640	\$ -	\$ 5,000
Restricted	-	103,988	252,758	179,147
Assigned	-	4,192,010	1,185,395	661,639
Unassigned	9,710,403	7,119,437	8,126,447	7,965,778
Total general fund	<u>9,710,403</u>	<u>11,417,075</u>	<u>9,564,600</u>	<u>8,811,564</u>
All other governmental funds				
Nonspendable	-	-	2,500	-
Restricted	9,892,542	34,936,096	37,832,828	35,073,121
Assigned	-	3,066,993	-	-
Unassigned (deficit)	29,296,745	-	-	160,337
Total all other governmental funds	<u>39,189,287</u>	<u>38,003,089</u>	<u>37,835,328</u>	<u>35,233,458</u>
Total all governmental funds	<u>\$ 48,899,690</u>	<u>\$ 49,420,164</u>	<u>\$ 47,399,928</u>	<u>\$ 44,045,022</u>

Source: City's annual financial statements

2014	2015	2016	2017	2018	2019
\$ 13,915	\$ 16,111	\$ 164,628	\$ 486,817	\$ 229,382	\$ 242,421
272,654	30,176	25,240	24,189	22,700	21,722
-	981,736	1,884,723	1,408,718	1,033,033	1,310,001
9,203,448	11,329,627	11,670,611	10,986,117	10,533,951	9,722,965
<u>9,490,017</u>	<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>
-	200	-	18,951	740	495,625
35,240,527	36,911,606	36,323,281	31,696,279	32,712,155	29,475,530
-	-	2,100,000	2,493	-	-
-	(15,848)	(33,932)	(1,487)	275,737	(6,762,839)
<u>35,240,527</u>	<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>\$ 44,730,544</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>

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013
Revenues				
Property taxes	\$ 37,137,888	\$ 32,550,376	\$ 30,183,881	\$ 29,620,564
Special assessments	1,523,589	1,351,415	1,459,685	1,574,637
Licenses, permits, and charges for services	1,981,548	2,900,982	3,749,548	4,190,121
Intergovernmental	6,273,040	7,110,778	7,427,738	7,969,648
Fines and forfeitures	1,019,185	828,789	839,107	856,128
Investment income	1,278,007	1,218,637	1,383,389	(60,470)
Other	2,164,457	3,065,459	2,195,766	2,510,821
Total revenues	51,377,714	49,026,436	47,239,114	46,661,449
Expenditures				
Current:				
City council	9,242	9,213	16,012	10,051
City manager	411,411	363,513	399,594	423,711
Finance	812,468	815,502	780,995	711,615
Treasury	295,806	274,364	284,894	313,156
Integrated solutions	685,954	710,859	628,167	693,974
Assessing	841,391	727,995	776,554	892,586
City attorney, insurance, and claims	347,976	457,054	431,011	384,736
City clerk	565,152	520,796	496,005	528,894
Facility management	1,154,049	889,803	754,658	1,087,948
Human resources	-	418,994	394,009	408,611
Neighborhood and business relations group	685,791	646,080	787,153	960,416
General administration	1,598,772	1,380,374	1,738,906	2,104,447
Public safety - Police department	11,464,834	11,481,373	11,225,698	11,376,197
Public safety - Fire department	4,813,234	4,730,832	4,540,765	4,548,565
Community development - Building division	1,438,146	1,343,440	1,383,833	1,449,296
Community development - Planning division	625,365	617,048	519,896	489,065
Department of public works	2,254,978	2,416,375	2,419,815	2,693,588
Engineering	-	-	-	-
Planning Commission	3,366	6,168	699	6,744
Construction	14,589,987	2,272,800	4,983,542	4,015,306
Street maintenance	2,366,408	2,780,785	1,992,964	2,592,208
Drain maintenance	635,237	580,337	713,607	409,935
Recreational programs	1,942,282	1,795,604	2,233,255	2,254,135
Forestry and park maintenance	200,962	63,478	41,539	-
Library programs	2,578,916	2,704,689	2,636,714	2,712,163
Economic development	317,621	360,327	82,438	135,451
Debt service:				
Principal	7,325,001	7,685,000	6,855,000	5,205,000
Interest and fiscal charges	1,955,810	1,818,453	1,489,001	1,103,341
Bond issuance costs	109,181	-	-	-
Capital outlay	503,397	544,706	674,518	2,170,216
Total expenditures	60,532,737	48,415,962	49,281,242	49,681,355

2014	2015	2016	2017	2018	2019
\$ 30,059,401	\$ 31,673,469	\$ 32,932,970	\$ 33,087,219	\$ 36,658,748	\$ 38,636,830
1,678,070	1,878,475	1,604,014	25,336	49,598	48,861
3,848,403	3,521,819	4,542,923	4,005,981	3,466,502	7,408,819
8,262,964	8,651,460	9,653,887	9,870,824	11,580,519	12,048,707
1,054,660	639,474	757,403	661,549	677,681	820,770
1,491,790	813,221	1,862,098	219,945	734,650	2,263,009
2,763,087	5,545,676	5,007,027	5,759,163	6,307,787	3,537,910
<u>49,158,375</u>	<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>
10,911	42,436	44,292	47,834	59,258	46,815
399,885	508,805	605,833	601,402	633,358	647,112
649,156	856,709	906,575	860,661	962,018	960,130
285,976	320,633	314,398	329,479	346,965	331,059
864,178	774,627	1,058,956	1,094,249	995,548	1,168,737
800,480	717,972	680,102	727,634	796,566	788,255
375,926	707,655	736,524	634,805	681,227	747,932
491,137	709,602	725,047	829,982	707,748	884,283
919,912	1,131,978	1,172,435	1,786,574	2,155,715	2,302,322
423,452	422,818	414,577	394,393	487,489	498,429
846,432	943,332	1,260,956	958,328	756,466	1,046,015
1,596,080	2,419,173	2,395,339	3,749,428	3,486,735	3,367,005
11,746,975	11,809,219	11,954,737	15,583,586	13,686,649	13,286,226
5,110,195	4,742,808	4,979,561	5,761,346	5,791,591	7,697,519
1,554,167	1,597,622	2,088,270	1,926,104	2,040,944	1,963,524
586,948	513,832	736,558	530,385	590,816	591,019
2,960,570	173,913	255,647	746,075	6,852,777	11,387,750
-	-	-	-	-	516,477
-	-	-	-	-	-
3,652,031	5,947,254	8,075,475	10,330,582	7,826,415	6,166,795
3,616,794	3,601,702	3,760,085	5,160,645	1,875,569	9,925,159
426,799	-	-	-	-	578,171
2,345,313	2,377,159	3,772,846	3,765,974	3,752,479	6,826,606
-	-	-	-	-	1,389,177
2,843,791	2,815,266	2,779,842	2,768,005	2,928,428	3,049,354
-	-	-	-	529,753	161,225
3,450,000	3,505,000	4,051,000	2,340,000	920,000	965,000
960,680	833,894	818,163	455,020	425,350	398,292
-	-	-	-	-	-
1,555,065	727,121	-	-	-	-
<u>48,472,853</u>	<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>

continued...

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013
Revenues over (under) expenditures	<u>(9,155,023)</u>	<u>610,474</u>	<u>(2,042,128)</u>	<u>(3,019,906)</u>
Other financing sources (uses)				
Issuance of long-term debt	4,895,000	-	-	4,165,000
Proceeds from sale of capital assets	-	-	-	-
Insurance recovery	-	-	-	-
Payment to refund bond escrow agent	(5,030,072)	-	-	(4,500,000)
Transfers in	6,097,096	10,289,946	5,118,792	8,263,793
Transfers out	<u>(6,097,096)</u>	<u>(10,289,946)</u>	<u>(5,096,900)</u>	<u>(8,263,793)</u>
Total other financing sources (uses)	<u>(135,072)</u>	<u>-</u>	<u>21,892</u>	<u>(335,000)</u>
Net changes in fund balances	<u>\$ (9,290,095)</u>	<u>\$ 610,474</u>	<u>\$ (2,020,236)</u>	<u>\$ (3,354,906)</u>
Debt services as a percentage of noncapital expenditures	<u>15.6%</u>	<u>19.9%</u>	<u>17.2%</u>	<u>13.3%</u>

Source: City's annual financial statements

Schedule 4
Unaudited

2014	2015	2016	2017	2018	2019
685,522	4,523,064	2,773,104	(7,752,474)	185,621	(12,925,482)
-	-	9,995,301	-	-	-
-	-	-	-	-	114,911
-	-	-	-	-	87,038
-	-	(9,887,462)	-	-	-
13,758,461	13,615,847	13,834,940	7,561,984	5,551,500	10,797,120
(13,758,461)	(13,615,847)	(13,834,940)	(7,321,984)	(5,551,500)	(8,375,860)
-	-	107,839	240,000	-	2,623,209
<u>\$ 685,522</u>	<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>9.4%</u>	<u>9.1%</u>	<u>9.1%</u>	<u>4.6%</u>	<u>2.3%</u>	<u>2.8%</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		
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
2010	2,118,748,880	934,816,000	268,208,590	233,170,160	3,554,943,630

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	\$ 4,429,863,848	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%
10.5416	3,742,061,910	95.00%

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
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
2010	4.9027	-	0.7719	1.4282	0.3857	0.1765	-	0.7719

Source: City's finance department records

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	11.1456	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
2.1047	10.5416	10.3800	25.7332	8.5000	26.5000	6.4793	22.5000	4.0000	22.7200

continued...

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

Oakland County	Oakland Community College	Schoolcraft Community College	Oakland Intermediate Schools	Wayne Intermediate Schools	State Education
4.7805	1.5431	1.7662	3.2813	3.4643	6.0000
4.7849	1.5555	1.7766	3.3079	3.4643	6.0000
4.7909	1.5707	1.7881	3.3398	3.4643	6.0000
4.8450	1.5819	1.7967	3.3633	3.4643	6.0000
4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
4.7461	1.5844	1.7967	3.3690	3.4643	6.0000
4.7461	1.5844	1.7967	3.3690	3.4643	6.0000
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 2010 (2009 Taxable Value)			Fiscal 2019 (2018 Taxable Value)		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Redwood-ERC Novi, LLC/Fox Run Village	\$ 57,167,690	4	1.6%	\$ 58,591,250	1	1.6%
Taubman Co./Twelve Oaks Mall	70,707,150	1	2.0%	53,739,870	2	1.5%
Singh Development /Waltonwood	66,041,990	2	1.9%	43,248,180	3	1.2%
Haggerty Corp./HCP Land LLC	-	N/A	0.0%	42,433,530	4	1.2%
International Transmission Co	35,847,920	5	1.0%	34,313,220	5	0.9%
Occidental Development Ltd.	30,537,400	6	0.9%	28,830,130	6	0.8%
Detroit Edison	21,903,650	10	0.6%	28,021,660	7	0.8%
TBON LLC	23,291,360	9	0.7%	27,255,530	8	0.7%
Providence Hospital	30,309,730	7	0.9%	24,554,810	9	0.7%
Sun Valley, Ltd./Foundation Walk	-	N/A	0.0%	15,873,900	10	0.4%
Northern Equities	62,605,460	3	1.8%	-	N/A	0.0%
HHT Devco, LLC (Fountain Walk)	24,122,950	8	0.7%	-	N/A	0.0%
	<u>\$ 422,535,300</u>		<u>11.89%</u>	<u>\$ 356,862,080</u>		<u>9.79%</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
2019	\$ 38,505,820	\$ 38,128,936	99.02%	\$ 364,391	\$ 38,493,327	99.97%
2018	36,215,498	36,087,781	99.65%	336,294	36,424,075	100.58%
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%
2010	37,360,762	34,997,428	93.67%	1,027,295	36,024,723	96.42%

⁽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			
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
2010	36,335,747	-	8,750,000	18,197,543	1,330,000	64,613,290	1.82%	1,170.02

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	Michigan Transportation Fund (MTF)	Less: Amounts Available in Debt Service Funds	Total	Debt as a percentage of Taxable Value	Per Capita
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
2010	55,625,000	315,000	1,042,646	54,897,354	1.54%	994.09

Source: City's finance department records

Direct and Overlapping Governmental Activities Debt
June 30, 2019

	Net Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
Direct			
City of Novi	\$ 10,576,211	100.00%	<u>\$ 10,576,211</u>
Overlapping			
Novi School District	87,515,000	99.85%	87,383,728
Northville School District	86,890,000	19.32%	16,787,148
Walled Lake School District	154,475,000	13.75%	21,240,313
South Lyon School District	146,115,000	4.55%	6,648,233
Oakland County	314,844,309	6.36%	20,024,098
Oakland Intermediate School District	43,855,000	5.37%	2,355,014
Schoolcraft School District	28,160,000	4.79%	1,348,864
			<u>155,787,396</u>
Total direct and overlapping debt			<u><u>\$ 166,363,607</u></u>

Source: Various taxing authorities

Legal Debt Margin
Last Ten Fiscal Years

Assessed value		<u>\$ 4,429,863,848</u>
Legal debt limit (10% of SEV)		\$ 442,986,385
Gross indebtedness	\$ 19,526,211	
Amount available in debt service funds	<u>71,031</u>	
Net bonded debt		<u>19,597,242</u>
Legal debt margin		<u>\$ 423,389,143</u>
Net bonded debt as a percentage of assessed value		<u>0.44%</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
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%
2010	375,047,621	54,218,290	320,829,331	14.46%

Source: City's finance department records

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Special Assessment Collections	Debt Service	Coverage
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
2010	2,583,000	2,149	1,201.95

Source: City's annual financial statements

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2010	55,224	2,344,093,128	42,447	8.40%

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

* Not available

Principal Employers
Current Year and Nine Years Ago

Employer	2010			2019		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
St. John Health/Providence Park Hospital	500	4	0.93%	1,200	1	2.23%
Harman	-	N/A	-	1,100	2	2.04%
Novi Community Schools	807	1	1.50%	965	3	1.79%
Ryder System	548	3	1.02%	650	4	1.21%
ITC Holding, Inc.	230	10	0.43%	531	5	0.99%
Intier/Magna	600	2	1.11%	443	6	0.82%
Comau North America	325	5	0.60%	350	8	0.65%
Cooper-Standard	-	N/A	-	277	9	0.51%
City of Novi	254	7	0.47%	269	10	0.50%
Rock Financial Showplace	280	6	0.52%	-	N/A	-
Michigan Cat	250	8	0.46%	-	N/A	-
Caparo Vehicle Component	250	9	0.46%	-	N/A	-
	<u>4,044</u>		<u>7.51%</u>	<u>5,785</u>		<u>10.74%</u>

Source: The City's Neighborhood and Business Relations Group

CITY OF NOVI, MICHIGAN

Full-time Employees by Function / Program Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013
Full-time				
City Manager	3.00	3.00	3.00	3.00
Finance Department (1)	8.00	7.00	7.00	9.00
Information Technology	5.00	5.00	5.00	5.00
Assessing	7.00	7.00	5.00	5.00
City Clerk	6.00	5.00	5.00	5.00
Treasury	3.00	3.00	3.00	-
Facility Operations	4.00	2.00	1.00	2.00
Human Resources (3)	5.00	5.00	4.00	4.00
General administration	-	-	-	-
Department of Public Safety	128.00	118.00	111.00	111.00
Police department (4)	-	-	-	-
Fire department (4)	-	-	-	-
Building department	-	-	-	-
Neighborhood services	-	-	-	-
Department of Public Services (5)	36.00	36.00	33.00	35.00
Engineering	-	-	-	-
Parks, Recreation, and Cultural Services	11.00	10.00	10.00	11.00
Water and sewer	12.00	12.00	12.00	13.00
Library	20.00	20.00	18.00	20.00
Community Relations	3.00	3.00	3.00	4.00
Economic Development	-	-	-	-
Community Development (2)	21.00	19.00	18.00	21.00
	<u>272.00</u>	<u>255.00</u>	<u>238.00</u>	<u>248.00</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) Combined Police and Fire Departments
- (5) Engineering staff combined with DPS
- (6) Forestry and park maintenance staff combined with Department of Public Services

Source: City's finance department records

2014	2015	2016	2017	2018	2019
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	5.00	6.00	7.00	7.00	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	2.00	3.00	3.00	3.00	3.00
4.00	4.00	4.00	4.00	4.00	4.00
-	-	-	-	-	-
113.00	115.00	115.00	118.00	123.00	125.00
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35.00	34.00	36.00	36.00	36.00	37.25
-	-	-	-	-	-
11.00	11.00	12.00	12.00	12.00	12.00
14.00	14.00	14.00	14.00	14.00	13.75
20.00	20.00	17.00	16.00	16.00	16.00
4.00	3.00	6.00	6.00	6.00	6.00
-	-	-	-	1.00	1.00
21.00	21.00	21.00	21.00	21.00	21.00
<u>251.00</u>	<u>251.00</u>	<u>256.00</u>	<u>259.00</u>	<u>265.00</u>	<u>269.00</u>

CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013
Election Data				
Registered voters	35,764	36,921	37,366	38,757
Voters at polls	2,887	14,535	3,633	20,484
Absentee ballots	2,212	4,575	2,386	8,765
Percent voting	14%	52%	16%	75%
Police				
Part A crimes	1,868	1,679	1,841	2,048
Part B crimes	793	814	627	626
Injury accidents	216	272	288	310
Property damage	1,602	1,761	1,631	1,695
Moving traffic violations	11,635	10,167	9,381	10,058
Parking violations	512	285	288	199
Adult arrests	2,353	2,368	2,082	2,241
Juvenile arrests	201	213	166	137
OUIL arrests	363	415	335	342
False alarms	2,262	2,357	2,090	2,270
Fire				
Fire incidents	134	92	120	112
Service incidents	2,006	1,311	1,249	1,360
Fire inspections conducted	2,341	2,920	3,557	3,063
Medical emergencies	2,957	3,299	3,169	3,383
Paid-on-call staff	68	66	68	55
Parks and Recreation				
Youth classes/clinics	1,154	1,238	1,544	1,620
Adult classes/clinics	439	458	414	340
Youth leagues	2,585	2,371	2,431	2,512
Adult leagues	2,750	4,024	4,120	5,220
Summer day camp	742	703	668	N/A
Lakeshore Park vehicle entry (5)	11,533	9,846	10,822	13,000
Lakeshore Park attendance (5)	28,833	24,615	27,055	32,500
Lakeshore Park picnic shelter rental	128	98	105	116
Senior citizens served	78,432	68,517	76,462	77,759
Special event attendance	12,071	14,311	14,018	17,021
Civic Center Rentals	1,060	1,516	1,492	1,520
Civic Center Attendance	57,519	37,457	35,506	17,021
Novi Theaters - Cast (4)	206	181	198	253
Novi Theaters - Audience (4)	5,041	4,757	4,715	5,454

Schedule 17
Unaudited

2014	2015	2016	2017	2018	2019
39,248	39,341	38,706	39,706	40,661	40,720
4,719	14,341	3,423	20,160	4,126	18,472
2,599	5,029	2,588	9,937	4,141	8,921
19%	49%	154%	76%	20%	67%
1,736	1,654	1,508	1,596	1,454	1,246
673	622	638	577	1,128	1,009
276	295	300	273	339	262
1,153	1,037	1,084	1,174	1,413	1,446
8,487	8,216	7,916	5,904	5,427	3,376
185	75	231	392	755	317
2,355	2,574	2,428	1,965	2,101	1,996
142	98	98	100	119	64
268	164	217	145	186	135
2,538	2,164	2,094	2,074	1,885	1,312
120	113	124	78	95	84
1,345	457	642	502	543	720
2,929	3,108	2,898	2,944	2,322	2,057
3,425	3,811	3,784	4,064	4,175	4,439
54	39	71	63	67	59
1,149	1,584	1,475	1,577	1,790	2,172
462	1,244	549	3,268	2,750	2,856
2,471	2,199	2,934	3,403	2,724	2,652
5,279	5,300	3,868	3,630	4,373	3,549
334	498	747	691	864	1,017
15,462	14,391	14,995	14,620	10,285	-
38,655	35,978	37,488	37,217	25,713	-
125	120	231	150	166	48
75,832	79,172	77,687	66,845	65,395	73,015
20,028	16,840	18,153	26,026	27,670	26,645
1,560	1,058	1,203	916	1,074	747
44,200	33,988	23,023	21,731	22,156	20,135
293	86	-	-	-	-
4,997	1,705	-	-	-	-

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CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013
Library (2)				
Items circulated	556,582	759,021	803,552	800,031
Book collections	137,220	146,187	152,024	151,724
Audio/Video/CD collections	14,295	18,015	20,618	23,507
Periodical subscriptions	185	215	208	210
Requests of Information	171,324	220,427	210,960	N/A
Youth Summer Reading	1,061	1,261	1,338	2,042
Program participants	24,145	34,198	45,572	34,899
Visitors	262,826	371,274	378,571	389,220
Interlibrary loans	67,615	100,342	109,274	109,330
Water and Sewer Customers:				
Residential	12,874	12,940	13,191	13,604
Commercial (1)	1,225	1,239	1,254	1,223
Water (in thousand gallons)				
Purchased from Detroit	2,041,594	2,166,712	2,459,402	2,321,313
Sold to residents	1,919,763	2,024,406	2,109,414	2,222,787
Rates				
Minimum 7,000 gallons(3)	\$ 42.00	\$ -	\$ -	\$ -
Fixed rate quarterly water charge	-	35.00	37.00	40.00
Additional usage per 1,000 gallons	4.06	3.31	3.44	3.86
Fixed rate quarterly sewer charge	-	5.00	5.00	6.00
Sewer(per thousand gallons of water usage)	2.67	2.90	4.00	4.25

(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



2014	2015	2016	2017	2018	2019
799,475	734,643	793,991	833,558	812,025	857,854
152,236	149,941	140,895	141,129	141,638	139,449
25,677	27,776	29,077	29,737	30,642	30,100
242	207	207	218	203	190
115,392	115,392	113,778	117,235	116,219	114,709
2,340	2,584	2,084	2,362	2,465	2,029
40,010	40,901	46,854	56,026	60,246	75,595
401,984	392,047	404,979	424,401	488,778	463,818
106,250	105,588	112,016	115,222	111,236	102,655
13,760	13,946	14,105	14,220	14,411	13,648
1,204	1,259	1,264	1,239	928	935
2,216,075	1,835,567	2,276,389	2,349,960	2,298,596	2,144,615
2,138,305	1,811,910	1,963,221	2,231,717	2,159,537	2,106,440
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57.00	57.00	80.00	56.00	56.00	56.00
4.13	4.13	3.05	3.20	3.20	3.26
6.00	6.00	30.00	30.00	30.00	30.00
4.30	4.30	3.40	3.60	3.60	3.89

CITY OF NOVI, MICHIGAN

Capital Asset Statistics by Function / Program Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013
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	132	136	141	141
Estimated sidewalks in miles (1)	230	231	231	232
Bridges	4	4	4	4
Street lights	421	421	421	421
Parks and recreation				
Acres	1,138	1,138	1,138	1,150
Locations	11	11	11	12
Library				
Library branches	1	1	1	1
Water and sewer				
Miles of water mains	306	306	306	306
Miles of sanitary sewers	243	245	245	245
Fire hydrants	4,003	4,002	4,002	4,002

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

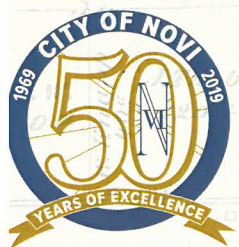
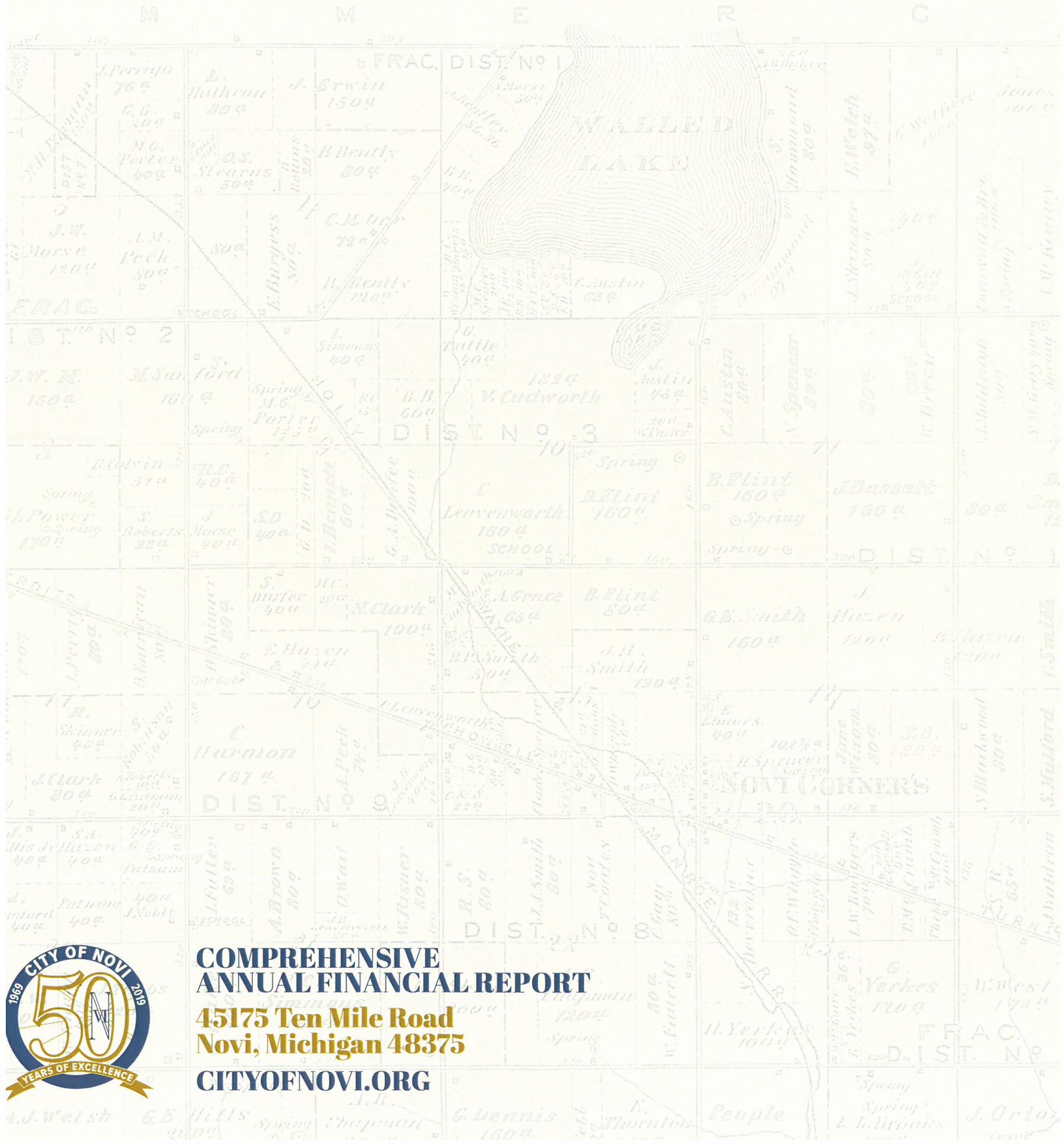


2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
4	4	4	4	4	4
39	39	44	44	44	44
144	146	143	144	147	148
256	261	272	275	293	296
4	10	10	10	10	10
504	689	691	680	689	777
1,260	1,288	1,276	1,277	1,329	1,419
13	15	17	17	21	30
1	1	1	1	1	1
328	333	336	341	359	362
252	255	268	271	285	290
4,192	4,211	4,181	4,267	4,344	4,382

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NOVI

Scale 1 3/4 inches to the mile



COMPREHENSIVE ANNUAL FINANCIAL REPORT

45175 Ten Mile Road
Novi, Michigan 48375

CITYOFNOVI.ORG