Cultivating Community Together

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2025

City of Novi, Michigan

CITY OF NOVI

cityofnovi.org

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City of Novi, Michigan

Year Ended
June 30, 2025

Annual
Comprehensive
Financial Report

Prepared by: Finance Department

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CITY OF NOVI, MICHIGAN

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INTRODUCTORY SECTION

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City of Novi
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Novi, Michigan 48375
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cityofnovi.org

November 25, 2025

Honorable Mayor Justin Fischer
Members of the City Council
Citizens of the City of Novi, Michigan

We are pleased to submit the Annual Comprehensive Financial Report of the City of Novi for the fiscal year ended June 30, 2025. 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 the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

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

Profile of the Government

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

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 website at cityofnovi.org. The City's economic development department's website, InvestNovi.org, is devoted to attracting new and retaining existing businesses. The site informs potential business investors and celebrates existing businesses' successes.

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

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

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

Factors Affecting Financial Condition

Local Economy

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

Due to the City of Novi's strong financial policies and budgetary procedures, the COVID-19 pandemic had less of an impact on the City than many other surrounding communities. The City took quick action to amend its budget in early May 2020 to account for an anticipated loss in revenue and reduced all departments' expenditures. The City has continued to be conservative in its budgeting. The City is seeing activity return to pre pandemic levels in fiscal year 2025 and budgeted in fiscal year 2026. The City's General Fund original budget had a budgeted net increase to fund balance of $745,111. The amended budget forecasted a net increase to fund balance of $562,476 with the General Fund ending Fiscal Year 2025 with a net increase of $941,943 to fund balance. The amended budget accounted for an increase in use of fund balance mostly due to the City adding a 2050 community strategic plan to the budget ($50,000), to cover costs for an owner's representative for new public safety buildings ($110,000) and a futurist consultant to assist City Council with their future goals for the City ($25,000). While the aforementioned amendments were increases to expenditures, the City also had amendments which provided for savings and increases to revenue. The expenditure savings from budget to actual as of June 30, 2025 is mostly due to capital project savings for projects started in fiscal year 2025 but not completed. These projects will be rolled over into fiscal year 2026 for completion.

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

- Gentherm moved its corporate headquarters, bringing over 200 employees to Novi. They develop and market innovative thermal management technologies, primarily for vehicle heating and cooling systems like heated seats, but also for patient temperature management systems in the medical field.

- Scout Motors, an electric truck and SUV manufacturer, opened its Innovation Center in Novi, bringing 200 new engineering jobs to the community.

- Dick's Sporting Goods House of Sport will occupy the old Sears location at Twelve Oaks Mall. The House of Sport is a larger, more experiential concept store that offers activities like rock climbing, batting cages and golf simulator bays. It will be one of the first of its kind in Michigan.

- Sakura Novi off Grand River Avenue had its ribbon cutting. This section of Novi will feature a mixed-use Asian village consisting of retail and dining in the front of the complex near Grand River and apartments along the back of the property.

- Primrose Daycare wrapped up construction south of 10 Mile, west of Novi Road.

- New developments taking over former establishments include: CAVA Restaurant, Culver's, and Sheetz.

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). U.S. News and World Report named Novi #4 Best Places to Live in Michigan and #34 in the United States in 2025. Niche.com also rated Novi as the 5th best place to live in the State of Michigan in 2025.

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 ensure a balanced budget and aggressively collect revenue, establishes user charges and fees at a level to take into account the cost of providing the service, maintain a level of reserves to comply with terms and conditions of debt instruments, and review fund balance/reserves annually during the budget process. In addition, in the event the level of expenditures exceeds the estimated appropriations, the City will create a plan to replenish fund balance/reserves within three years by controlling operating expenditures, adjusting operations, and/or dedicating excess or specific revenue sources. The policy establishes a target percentage of budgeted expenditures of 28-30% in the General Fund, 10-20% individually and collectively amongst the three road funds, 12-22% for Parks and Recreation, and varying reserves for the remaining special revenue funds, dependent on the funds' yearly activity and capital needs.

Debt Policy

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

- The City's net bonded indebtedness incurred for all public purposes should not exceed $2,500 per capita,

- Debt service payments are limited to 20% of the combined operating and debt service fund expenditures, and

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

Investment Policy

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

Long-term Financial Planning

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

The 2020 Census numbers were released in August 2021. Novi's population increased to 66,243, up from the 2010 Census, which reported a population of 55,224, or a 20% increase. The Census data is required to be used for the Constitutional portion of State Shared Revenue distributions. 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, 2025, Novi's reliance on revenue sharing payments represents 16.9% of total General Fund revenues or $7,560,069. Novi's revenue sharing distribution increased $134,544 or 2% from the prior 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, 2025, **debt obligations were reduced by $2,295,000 from the prior fiscal year.** Total direct debt at June 30, 2025 was $3,750,000.

Internal Controls

Management of the City is responsible for establishing and maintaining internal controls designed to provide reasonable assurance that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (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 2017. The City continues to invest in infrastructure to maintain its current structures as well as provide investments in new acquisitions. In fiscal year 2025, the CIP millage was used to provide for the purchase of Shawood Lake Island and the completion of pickleball courts at Wildlife Woods Park.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Excellence in Financial Reporting to the City of Novi for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 27th year that the City of Novi has received this prestigious award.

Acknowledgements

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

Respectfully submitted,

Sabrina Lilla

Sabrina Lilla
Interim Finance Director

CITY OF NOVI, MICHIGAN

List of Principal Officials

Title	Name
Mayor	Justin Fischer
Mayor Pro-Tem	Laura Casey
Council Member	David Staudt
Council Member	Brian Smith
Council Member	Matt Heintz
Council Member	Priya Gurumurthy
Council Member	Aaron Martinez
City Manager	Victor Cardenas
Assistant City Manager	Danielle Mahoney
Assessor	Jan Ziozios
Deputy Assessor	Kristin Corbett
City Clerk	Cortney A. Hanson
Deputy City Clerk	Melissa Morris
Human Resources Director	Tia M. Gronlund-Fox
Human Resources Deputy Director	Elise Marra
Communications Director	Sheryl L. Walsh
Communications Deputy Director	Damon Parnell
Economic Develolpment Director	Vacant
Public Works Director	Jeff Herczeg
Public Works Deputy Director	Megan Mikus
Chief Information Officer	Robert L. Petty
Community Development Director	Charles S. Boulard
Community Development Deputy Director	Alan Hall
Parks, Recreation and Cultural Services Director	Jeff Muck
Parks, Recreation and Cultural Services Deputy Director	Tracie Ringle
Public Safety Director/Police Chief	Erick Zinser
Assistant Police Chief	Scott Baetens
Fire Chief	John Martin
Assistant Fire Chief	Todd Seog
Library Director	Julie E. Farkas
Finance Director/Treasurer/CFO	Vacant
Deputy Finance Director	Sabrina Lilla
Assistant Treasurer	Tina Glenn

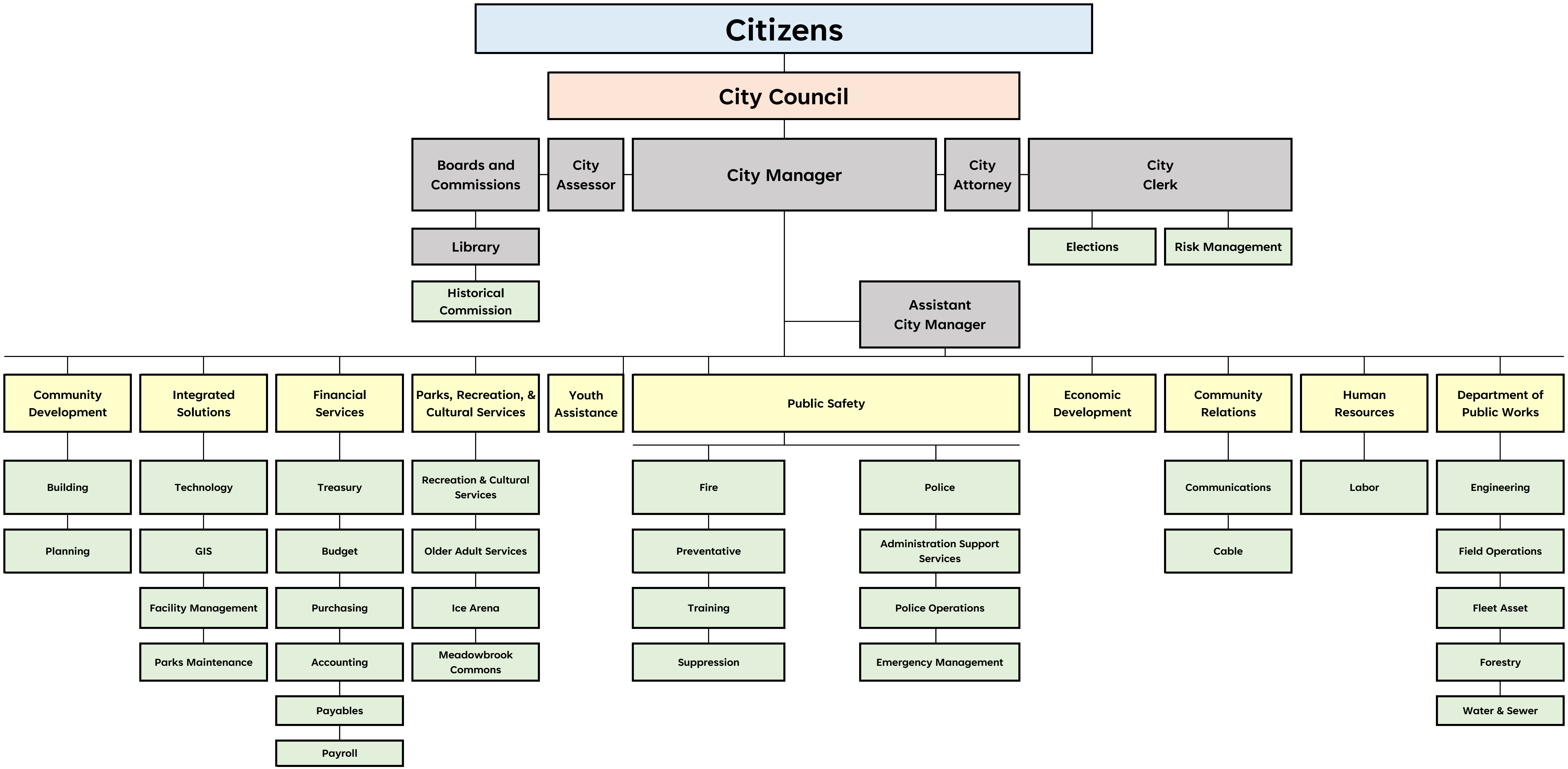
CITY OF NOVI, MICHIGAN
Organizational Chart

NOVI DIAGRAM

CITY OF NOVI
cityofnovi.org

CITY OF NOVI, MICHIGAN

Organizational Chart



CITY OF NOVI, MICHIGAN

Fund Organization Chart

Governmental Funds

General Fund	
Debt Service Fund	Special Revenue Funds
2008 Library Construction Debt	Major Street Local Street Municipal Streets
Capital Projects Funds	Parks, Recreation, and Cultural Services Tree
Capital Improvement Program Special Assessment Revolving Gun Range Facility PEG Cable Public Improvement Fund	Drain Revenue Community Development Block Grant Forfeiture Library Library Contribution Rubbish Collection
Permanent Funds	West Oak Street Lighting West Lake Drive Street Lighting
Drain Perpetual Maintenance	Town Center Street Lighting Opioid Settlement CLEMIS-Crash & Citation Revenue Sharing

Proprietary Funds

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

Fiduciary Funds

Pension and Other Employee Benefit Trust Fund	Custodial
Retiree Health Care Benefits	Tax Collection

Component Units

Economic Development Corporation
Corridor Improvement Authority

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Novi
Michigan

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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Rehmann

INDEPENDENT AUDITORS' REPOR

November 25, 2025

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Novi, Michigan*** (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025. 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	$ 426,225,567
· Change in total net position	5,084,870
· Fund balances, governmental funds	47,857,393
· Change in fund balances, governmental funds	5,697,286
· Unassigned fund balance, general fund	11,708,746
· Change in fund balance, general fund	941,943
· Total general obligation bonds outstanding	3,750,000
· Change in general obligation bonds	(2,295,000)

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 (nonmajor).

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

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

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

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, and the capital improvement program capital projects fund, which are considered to be the City's major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

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

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 $426,225,567 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 64,405,125	$ 59,098,594	$ 31,707,643	$ 38,431,252	$ 96,112,768	$ 97,529,846
Capital assets, net	217,324,826	212,289,813	177,101,584	180,055,801	394,426,410	392,345,614
Net other postemployment benefit asset	9,205,593	8,363,132	284,709	258,654	9,490,302	8,621,786
Total assets	290,935,544	279,751,539	209,093,936	218,745,707	500,029,480	498,497,246
Deferred outflows of resources	7,218,421	9,983,900	218,395	301,498	7,436,816	10,285,398
Long-term liabilities	53,598,435	54,933,998	2,580,865	3,563,872	56,179,300	58,497,870
Other liabilities	13,491,221	13,570,244	5,278,190	6,001,044	18,769,411	19,571,288
Total liabilities	67,089,656	68,504,242	7,859,055	9,564,916	74,948,711	78,069,158
Deferred inflows of resources	3,008,295	6,169,362	3,283,723	3,403,427	6,292,018	9,572,789
Net position:						
Net investment in capital assets	211,935,900	206,020,929	175,625,770	176,175,141	387,561,670	382,196,070
Restricted	51,446,741	47,435,582	284,709	258,654	51,731,450	47,694,236
Unrestricted (deficit)	(35,326,627)	(38,394,676)	22,259,074	29,645,067	(13,067,553)	(8,749,609)
Total net position	$ 228,056,014	$ 215,061,835	$ 198,169,553	$ 206,078,862	$ 426,225,567	$ 421,140,697

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, lease equipment, subscription assets, 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 (12.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance is *unrestricted net position (deficit).* At the end of the current fiscal year, the City reported positive balances in the net investment of capital assets and restricted net position; however, the unrestricted deficit in governmental activities was primarily the result of net pension liability and related deferred amounts.

The City's assets and deferred outflows of resources decreased approximately $1.3 million from the prior year. This is largely due to the following:

- The deferred outflow for other postemployment benefit assumptions. The governmental activities deferred outflow for assumptions decreased by $1.3 million.

The City's liabilities and deferred inflows of resources decreased by approximately $6.4 million from the prior year. This is largely due to the following:

- The deferred inflow for other postemployment benefit experience decreased by $2.7 million for governmental activities.

- Total general obligation bonds decreased by $2,295,000. Total debt outstanding at June 30, 2025 is $3,750,000.

The City’s net position increased by $5,084,870 from the prior year net position, compared to the prior year's $16,192,542 increase. This is largely due to the City's continued capital investments. The net capital investment in capital assets increased by approximately $5.4 million from fiscal year 2024 to 2025.

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 9,116,374	$ 8,916,379	$ 32,908,548	$ 30,645,852	$ 42,024,922	$ 39,562,231
Operating grants and contributions	12,354,792	11,816,398	-	150,000	12,354,792	11,966,398
Capital grants and contributions	1,707,216	4,770,475	1,324,878	3,953,534	3,032,094	8,724,009
General revenues:						
Property taxes	51,528,949	48,688,322	-	-	51,528,949	48,688,322
State shared revenues	7,860,079	7,585,733	-	-	7,860,079	7,585,733
Investment income	3,128,955	3,089,387	1,198,733	1,615,951	4,327,688	4,705,338
Other	564,498	275,450	-	-	564,498	275,450
Total revenues	86,260,863	85,142,144	35,432,159	36,365,337	121,693,022	121,507,481
Expenses						
General government	10,977,404	10,067,047	-	-	10,977,404	10,067,047
Public safety	26,411,136	24,926,535	-	-	26,411,136	24,926,535
Public works	22,757,732	20,938,283	-	-	22,757,732	20,938,283
Community and economic development	4,253,924	4,534,197	-	-	4,253,924	4,534,197
Recreation and culture	8,629,027	8,296,381	-	-	8,629,027	8,296,381
Interest and fiscal charges	237,461	274,130	-	-	237,461	274,130
Water and sewer	-	-	39,424,191	32,610,624	39,424,191	32,610,624
Ice arena	-	-	2,318,770	2,186,402	2,318,770	2,186,402
Senior housing	-	-	1,598,507	1,481,340	1,598,507	1,481,340
Total expenses	73,266,684	69,036,573	43,341,468	36,278,366	116,608,152	105,314,939
Change in net position	12,994,179	16,105,571	(7,909,309)	86,971	5,084,870	16,192,542
Net position:						
Beginning of year	215,061,835	198,956,264	206,078,862	205,991,891	421,140,697	404,948,155
End of year	$ 228,056,014	$ 215,061,835	$ 198,169,553	$ 206,078,862	$ 426,225,567	$ 421,140,697

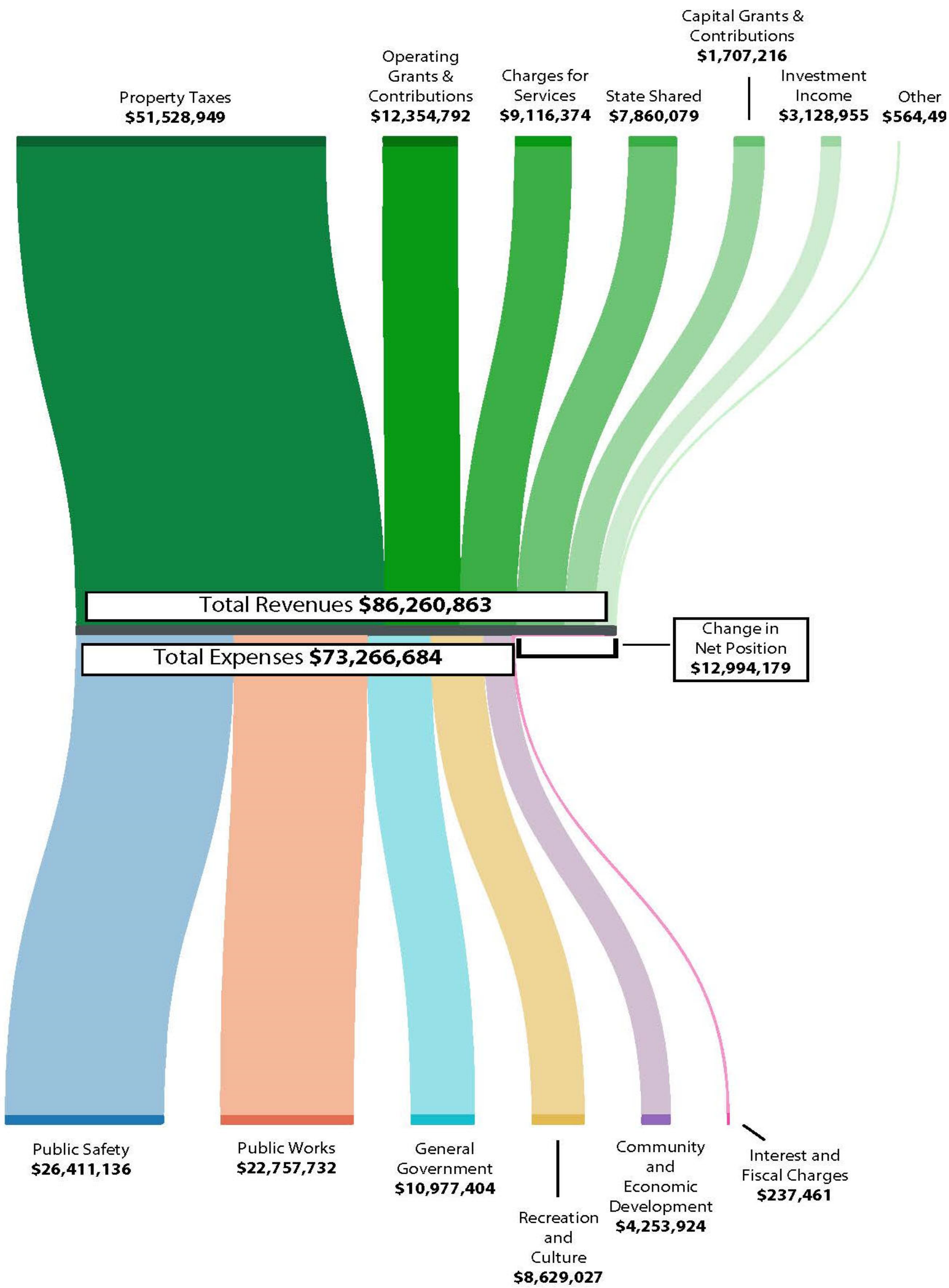
Governmental activities. Governmental activities increased the City's net position by $12,994,179 (as compared to a prior year increase of $16,105,571). Key elements of this increase and the change from the prior year include:

- Property taxes increased 5.8% from fiscal year 2024 to fiscal year 2025. The inflation rate multiplier of 5% for the current year, in addition to the new construction and uncapping of property values allowed for the increase.

- Capital contributions from MDOT (cost sharing projects with MDOT) and developer donated assets decreased by $2,854,731 from fiscal year 2024 to 2025.

- The City experienced an increase in public works costs of $1.8 million. Winter maintenance costs were $353,000 higher in fiscal year 2025 than 2024. In addition, the County's drain assessments increased $160,000. The City also saw a spike for vehicle maintenance due to increased costs in parts and labor.

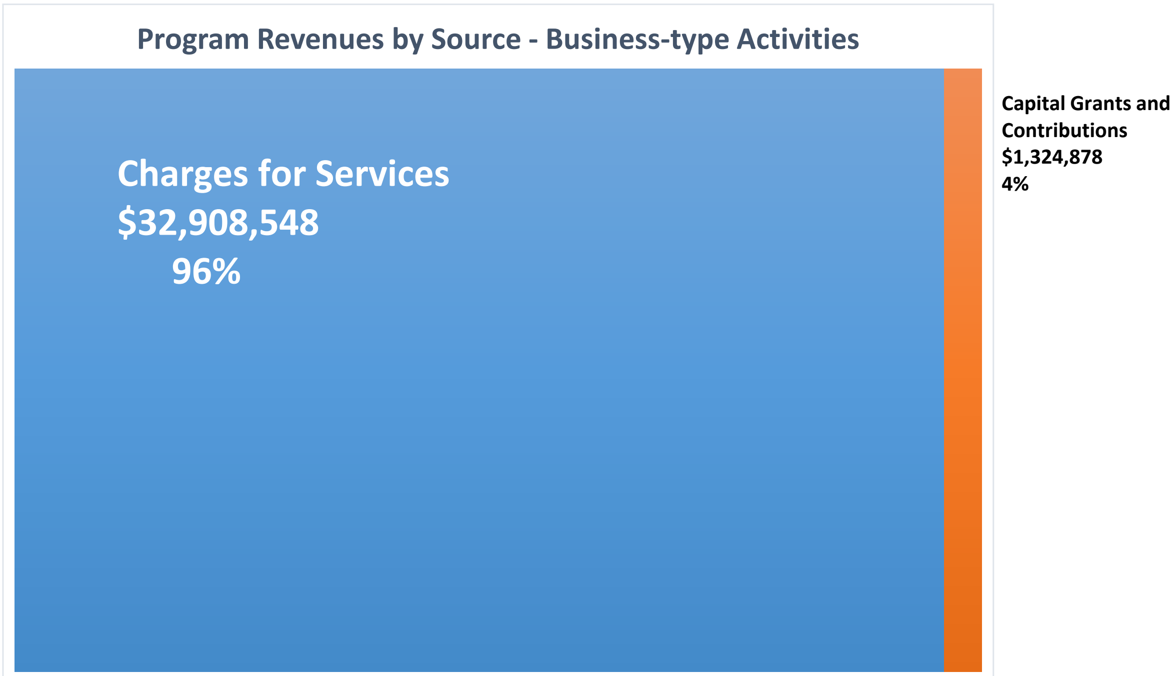
- Total public safety costs increased $1.5 million from fiscal year 2024 to 2025.

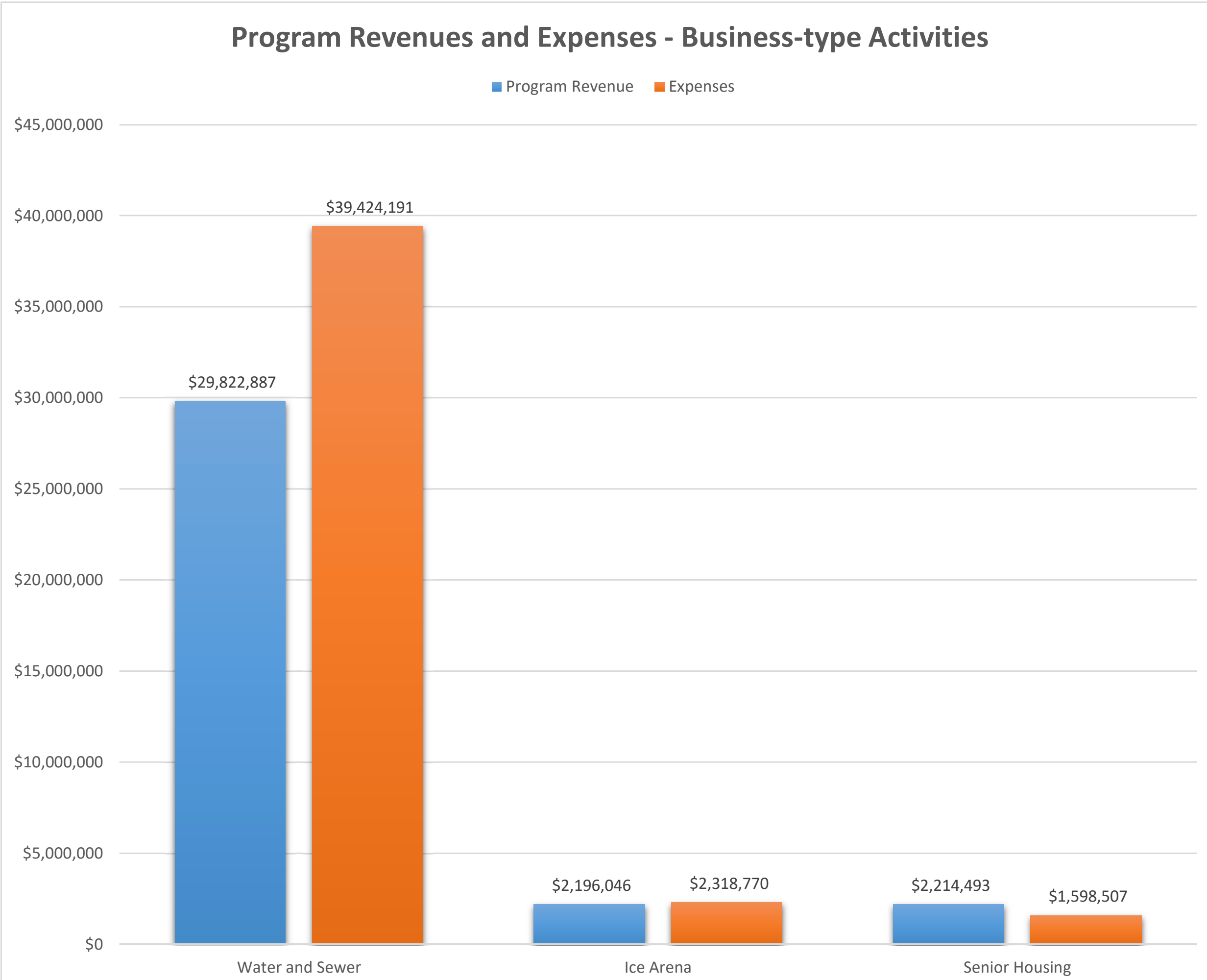

Property Taxes
$51,528,949
Operating Grants & Contributions
$12,354,792
Charges for Services
$9,116,374
State Shared
$7,860,079
Capital Grants & Contributions
$1,707,216
Investment Income
$3,128,955
Other
$564,49
Total Revenues $86,260,863
Total Expenses $73,266,684
Change in Net Position
$12,994,179
Public Safety
$26,411,136
Public Works
$22,757,732
General Government
$10,977,404
Recreation and Culture
$8,629,027
Community and Economic Development
$4,253,924
Interest and Fiscal Charges
$237,461

Management's Discussion and Analysis

Business-type activities. Business-type activities decreased the City's net position by $7,909,309, as compared to an increase of $86,971 in the prior year. Key elements of this decrease and the change from the prior year include:

- $6.0 million paid to Oakland County Water Resource Commission for cost sharing improvements to the Huron-Rouge Sewer Disposal System. The system is not a City asset, therefore the cost remains as an expense and is not capitalized as a capital asset.





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 $47,857,393, an increase of $5,697,286. The nonspendable portion of fund balance increased from $7,674,048 to $8,291,465. Nonspendable fund balance is not available for new spending because it has been set aside for the following purposes:

- for prepaid items and other assets ($876,996); and
- for perpetual drain fund maintenance ($7,414,469).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was $11,708,746, while total fund balance was $13,026,334. As of June 30, 2025, the unassigned fund balance represented 89.9% of total fund balance.

The fund balance of the City's general fund increased by $941,943 during the current fiscal year. This can be attributed to $501,000 of capital projects that were started during fiscal year 2025 but not yet completed by year end. These projects will be rolled over into fiscal year 2026. The remaining increase to fund balance was due to savings throughout the various departments.

The fund balance of the City's major street fund decreased by $2,223,175 during the current fiscal year. This can be attributed to an increase in capital projects with the Wixom Road and left turn lane project having a current year cost of $2.6 million.

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 $5,320,793 at year end. The fund balance increased from prior year in the amount of $3,730,311, compared to a decrease of $5,356,036 in the prior year. This is largely due to less capital projects taking place during fiscal year 2025. Total capital projects expenditures in the prior year was $9.98 million compared to only $1.3 million in the current year. The current year projects included construction of pickleball courts at Wildlife Woods Park as well as the purchase of Shawood Lake island.

Total net position of the water and sewer fund at the end of the year amounted to $182,962,359. Of this amount, $162,198,493 represents the investment in capital assets and $20,479,157 represents unrestricted net position. The fund had a decrease in total net position for the year of $8,558,732. This decrease is largely due to the $6,000,000 investment expenditure due to Oakland County's Water Resource Commission for the Huron-Rouge Sewer Disposal System Upgrade.

Total net position of the ice arena fund at the end of the year amounted to $5,213,967. Of this amount, $4,628,929 represents the net investment in capital assets and $585,038 represents unrestricted net position. The fund had an increase in total net position for the year of $12,112. This increase is largely due to the ice arena activity returning to pre-pandemic levels. Program revenues were up from fiscal year 2024, while expenditures were also increased to accommodate the increased programs and usage. In addition, there was no debt service payments in the ice arena as the bonds were paid off in fiscal year 2024.

Management's Discussion and Analysis

General Fund Budgetary Highlights

The fiscal year 2025 general fund original budget estimated revenues to be greater than expenditures and other financing uses (increase in fund balance) by $745,111. The final amended budget estimated revenues to be $1,735,340 more than the original budget, and expenditures and other financing uses that were $1,917,975 more than the original budget. Significant budget amendments included:

- $1.4 million increase to interest income.
- $187,000 increase to grant funding (police training grants and energy efficient grant).
- $257,000 increase in police personnel costs due to final payouts for staff who left employment and additional overtime costs.
- $607,000 increase in total fire personnel costs mostly due to an increased effort to fully staff paid on call and auxiliary positions. Training costs for new staff as well as recruitment and signing bonuses also factored into the additional budget needed.
- $110,000 increase for an owners representative for the public safety bond related to new public safety buildings.
- $382,000 increase in vehicle maintenance due to increase in tariff costs and increase in labor associated with the maintenance.
- $43,000 increase for the master plan land use and throughfare, $50,000 for 2050 strategic plan, and $25,000 for futurist training session.

The fiscal year 2025 general fund amended budget estimated revenues to be more than expenditures and other financing uses (increase in fund balance) by $562,476. The actual expenditures and other financing uses were more than revenues (increase of fund balance) by $941,943.

Revenues were $101,002 less than expected primarily due to:

- $104,000 of state grant money was not received within 60 days of year end causing the lower than expected revenue.
- Investment income was less than expected due to market conditions.

Expenditures and other financing uses were $480,469 less than expected primarily due to:

- Capital projects that began in fiscal year 2025 but were not complete at year end. The remaining budgets will be rolled over into fiscal year 2026 to allow for project completion.

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, 2025, amounted to $394,426,410 (net of accumulated depreciation/amortization). 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, lease equipment, subscription assets, and water and sewer distribution systems. Net capital assets for governmental activities increased by 2.4% and for business-type activities decreased by 1.6%.

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 41,931,141	$ 41,721,141	$ 2,272,256	$ 2,272,256	$ 44,203,397	$ 43,993,397
Construction in progress	22,523,669	17,254,846	3,176,281	17,350,786	25,699,950	34,605,632
Roads	77,691,894	74,986,805	-	-	77,691,894	74,986,805
Nonmotorized pathway improvements	9,575,933	10,377,661	-	-	9,575,933	10,377,661
Bridges	330,454	401,108	-	-	330,454	401,108
Drains	8,731,173	9,434,259	-	-	8,731,173	9,434,259
Buildings and improvements	35,521,384	36,627,768	18,038,044	18,368,459	53,559,428	54,996,227
Machinery and equipment	6,227,745	7,067,196	1,198,892	1,223,136	7,426,637	8,290,332
Land improvements	11,621,689	11,074,866	3,050,654	2,534,028	14,672,343	13,608,894
Library books	3,037,580	3,154,150	-	-	3,037,580	3,154,150
Lease equipment	49,395	65,860	-	-	49,395	65,860
Subscription assets	82,769	124,153	-	-	82,769	124,153
Water and sewer distribution systems	-	-	149,365,457	138,307,136	149,365,457	138,307,136
Total	$ 217,324,826	$ 212,289,813	$ 177,101,584	$ 180,055,801	$ 394,426,410	$ 392,345,614

Major capital asset events during the current fiscal year included:

- $6.8 million asbestos - cement water main replacement
- $6 million Lanny and Drake sanitary sewer upgrade and pump station rehabilitation
- $6 million neighborhood road program (concrete and asphalt) 2023 and 2024 program years
- $1.5 million water main replacement at Roethel Drive
- $694,000 Pickleball courts at Wildlife Woods Park
- $687,000 Pickleball courts at Meadowbrook Commons
- $210,000 Shawood Lake

Additional information on the City's capital assets can be found in Note 9 to the financial statements.

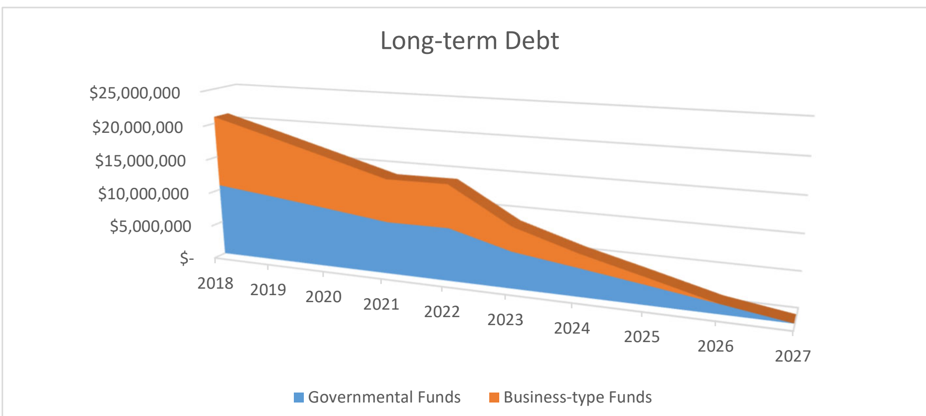
Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $3,750,000. Of this amount, $2,730,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

	General Obligation and Revenue Bonds					
	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 2,730,000	$ 4,025,000	$ 1,020,000	$ 2,020,000	$ 3,750,000	$ 6,045,000
Unamortized premium	128,031	256,061	-	-	128,031	256,061
Compensated absences	3,117,488	2,853,596	91,424	71,142	3,208,912	2,924,738
Total	$ 5,975,519	$ 7,134,657	$ 1,111,424	$ 2,091,142	$ 7,086,943	$ 9,225,799

The City's total bonded debt decreased by $2,295,000 (38.0 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 $610,671,153.

The outstanding bonded debt by year is show below:



Additional information on the City's long-term debt can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The budget plan, as originally approved for fiscal year 2026, has general fund revenues greater than expenditures of $1,076,638. In an effort to increase fund balance and increase the percentage of fund balance to total expenditures in the general fund, City Council concluded to keep capital outlay expenditures to a minimum. Fiscal Year 2026 capital outlay is only $493,258.

- The 2026 fiscal year approved tax millage rate remained at 10.5376 from fiscal year 2025. The total general fund tax revenue is expected to increase $1.6 million or 5.4%.

- State Shared Revenue was expected to increase by $453,451 in the original 2026 fiscal year budget. The City is awaiting an update from the State of Michigan to recognize the effects of the State budget approved in September 2025. The Major and Local Streets is expected to see an increase in Act 51 money with the passage of the State's budget. Again, the City is waiting to see the true effects of the budget on the local communities.

- Licenses, permits and charges for services have rebounded from the COVID pandemic years. The City is expecting an increase of $377,050 from fiscal year 2025 to fiscal year 2027 in total licenses and permits.

- The City continues to place an importance on its infrastructure in fiscal year 2026. The City has $19,790,066 of budgeted costs in its capital improvement plan for fiscal year 2026. The CIP includes $13.7 million of road, sidewalk and pathway improvements, $1.5 million of storm sewer and drainage projects, $2.5 million of water and improvements, $310,000 in parks projects,$741,000 in parking lots, $448,000 in building and property developments, and $604,000 in machinery, equipment and vehicles.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF NOVI, MICHIGAN

Statement of Net Position
June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 2,320,298	$ 274,989	$ 2,595,287	$ 86,757
Investments	57,700,205	16,947,107	74,647,312	-
Receivables	4,934,714	11,101,182	16,035,896	-
Advance to component unit	1,561,862	-	1,561,862	-
Internal balances	(3,227,950)	3,227,950	-	-
Other assets	1,115,996	156,415	1,272,411	-
Net other postemployment benefit asset	9,205,593	284,709	9,490,302	-
Capital assets not being depreciated/amortized	64,454,810	5,448,537	69,903,347	35,000
Capital assets being depreciated/amortized, net	152,870,016	171,653,047	324,523,063	3,490,305
Total assets	290,935,544	209,093,936	500,029,480	3,612,062
Deferred outflows of resources				
Deferred charge on refunding	156,993	-	156,993	-
Deferred pension amounts	5,838,238	180,564	6,018,802	-
Deferred other postemployment benefit amounts	1,223,190	37,831	1,261,021	-
Total deferred outflows of resources	7,218,421	218,395	7,436,816	-
Liabilities				
Accounts payable and accrued liabilities	6,606,932	5,014,722	11,621,654	-
Refundable deposits	6,757,088	263,468	7,020,556	-
Unearned revenue	127,201	-	127,201	-
Advance from primary government	-	-	-	1,561,862
Bonds and other long-term liabilities:				
Due within one year	3,364,682	1,103,106	4,467,788	-
Due in more than one year	2,721,819	8,318	2,730,137	-
Net pension liability (due in more than one year)	47,511,934	1,469,441	48,981,375	-
Total liabilities	67,089,656	7,859,055	74,948,711	1,561,862
Deferred inflows of resources				
Deferred other postemployment benefit amounts	2,383,735	73,723	2,457,458	-
Deferred lease amounts	624,560	3,210,000	3,834,560	-
Total deferred inflows of resources	3,008,295	3,283,723	6,292,018	-
Net position				
Net investment in capital assets	211,935,900	175,625,770	387,561,670	1,963,443
Restricted for:				
Roads	17,174,128	-	17,174,128	-
Public safety	1,456,148	-	1,456,148	-
Community and economic development	9,023	-	9,023	-
Debt service	844,306	-	844,306	-
Infrastructure improvements	6,833,728	-	6,833,728	-
Parks, recreation, and cultural services	1,520,049	-	1,520,049	-
Library	4,145,980	-	4,145,980	-
Stormwater systems	1,151,367	-	1,151,367	-
Tree replacement and maintenance	1,602,628	-	1,602,628	-
Rubbish collection	1,204	-	1,204	-
Street lighting improvement	88,118	-	88,118	-
Perpetual drain maintenance	7,414,469	-	7,414,469	-
Other postemployment benefits	9,205,593	284,709	9,490,302	-
Unrestricted (deficit)	(35,326,627)	22,259,074	(13,067,553)	86,757
Total net position	$ 228,056,014	$ 198,169,553	$ 426,225,567	$ 2,050,200

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, 2025

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	$ 10,977,404	$ 3,220,356	$ 543,235	$ -	$ (7,213,813)
Public safety	26,411,136	1,363,680	388,081	-	(24,659,375)
Public works	22,757,732	2,313,613	10,435,112	1,707,216	(8,301,791)
Community and economic development	4,253,924	212,595	98,393	-	(3,942,936)
Recreation and culture	8,629,027	2,006,130	889,971	-	(5,732,926)
Interest and fiscal charges	237,461	-	-	-	(237,461)
Total governmental activities	73,266,684	9,116,374	12,354,792	1,707,216	(50,088,302)
Business-type activities:					
Water and sewer	39,424,191	28,498,009	-	1,324,878	(9,601,304)
Ice arena	2,318,770	2,196,046	-	-	(122,724)
Senior housing	1,598,507	2,214,493	-	-	615,986
Total business-type activities	43,341,468	32,908,548	-	1,324,878	(9,108,042)
Total primary government	$ 116,608,152	$ 42,024,922	$ 12,354,792	$ 3,032,094	$ (59,196,344)
Component units					
Economic Development Corporation	$ 52,199	$ -	$ -	$ -	$ (52,199)
Corridor Improvement Authority	210,741	-	-	-	(210,741)
Total component units	$ 262,940	$ -	$ -	$ -	$ (262,940)

continued…

CITY OF NOVI, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Change in net position				
Net expense	$ (50,088,302)	$ (9,108,042)	$ (59,196,344)	$ (262,940)
General revenues:				
Property taxes	51,528,949	-	51,528,949	845,594
State shared revenues	7,860,079	-	7,860,079	-
Investment income	3,128,955	1,198,733	4,327,688	-
Other	564,498	-	564,498	25,000
Total general revenues	63,082,481	1,198,733	64,281,214	870,594
Change in net position	12,994,179	(7,909,309)	5,084,870	607,654
Net position, beginning of year	215,061,835	206,078,862	421,140,697	1,442,546
Net position, end of year	$ 228,056,014	$ 198,169,553	$ 426,225,567	$ 2,050,200

concluded.

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

CITY OF NOVI, MICHIGAN

Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Major Street	Capital Improvement Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 409,000	$ 10	$ -	$ 1,891,788	$ 2,300,798
Investments	16,552,895	5,100,002	-	33,801,776	55,454,673
Receivables:					
Accrued interest	265,483	-	-	-	265,483
Leases	624,560	-	-	-	624,560
Other	459,002	1,062	-	596,750	1,056,814
Due from other governments	1,447,788	1,038,703	1,592	370,029	2,858,112
Advances to other governments	-	-	-	2,375	2,375
Due from other funds	2,159,490	-	-	-	2,159,490
Advances to component units	-	-	-	1,561,862	1,561,862
Prepaid items and other assets	813,683	-	-	63,313	876,996
Total assets	$ 22,731,901	$ 6,139,777	$ 1,592	$ 38,287,893	$ 67,161,163
Liabilities					
Accounts payable	$ 1,202,083	$ 1,002,248	$ 50,226	$ 2,434,405	$ 4,688,962
Accrued salaries and wages	888,297	-	-	121,242	1,009,539
Other accrued liabilities	114,900	-	15,200	349,221	479,321
Refundable deposits	6,748,938	-	-	8,150	6,757,088
Unearned revenue	112,001	-	-	15,200	127,201
Advances from other funds	-	-	3,100,000	-	3,100,000
Due to other funds	-	-	2,156,959	2,531	2,159,490
Total liabilities	9,066,219	1,002,248	5,322,385	2,930,749	18,321,601
Deferred inflows of resources					
Unavailable revenue - grants	-	-	-	9,023	9,023
Unavailable revenue - other	14,788	-	-	333,798	348,586
Deferred lease amounts	624,560	-	-	-	624,560
Total deferred inflows of resources	639,348	-	-	342,821	982,169
Fund balances					
Nonspendable:					
Prepaid items and other assets	813,683	-	-	63,313	876,996
Perpetual drain maintenance	-	-	-	7,414,469	7,414,469
Restricted:					
Roads	-	5,137,529	-	10,370,038	15,507,567
Public safety	2,728	-	-	1,107,855	1,110,583
Debt service	-	-	-	867,756	867,756
Infrastructure improvements	-	-	-	6,833,728	6,833,728
Parks, recreation, and cultural services	-	-	-	1,476,330	1,476,330
Library	-	-	-	4,142,830	4,142,830
Stormwater systems	-	-	-	708,077	708,077
Tree replacement and maintenance	-	-	-	1,602,628	1,602,628
Rubbish collection	-	-	-	1,204	1,204
Street lighting improvement	-	-	-	88,118	88,118
Committed -					
Infrastructure improvements	-	-	-	347,000	347,000
Assigned -					
Project rollovers	501,177	-	-	-	501,177
Unassigned (deficit)	11,708,746	-	(5,320,793)	(9,023)	6,378,930
Total fund balances	13,026,334	5,137,529	(5,320,793)	35,014,323	47,857,393
Total liabilities, deferred inflows of resources and fund balances	$ 22,731,901	$ 6,139,777	$ 1,592	$ 38,287,893	$ 67,161,163

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

Reconciliation
Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Fund balances - total governmental funds	$ 47,857,393
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund financial statements.	
Capital assets not being depreciated/amortized	64,454,810
Capital assets being depreciated/amortized, net	152,870,016
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.	
Unavailable grants and other receivables	357,609
Internal service funds are used by management to charge the costs of certain health insurance costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	
Net position of governmental internal service fund	2,327,403
Portion of internal service fund net position attributed to business-type activities	(127,950)
Certain liabilities, such as bonds and other long-term liabilities, are not due and payable in the current period, and therefore are not reported in the funds.	
Accrued interest on bonds payable	(23,950)
Bonds payable	(2,730,000)
Lease liability	(52,979)
Subscription liability	(58,003)
Unamortized bond premium	(128,031)
Accrued compensated absences	(3,117,488)
Unamortized deferred charge on refunding	156,993
Claims and judgments	(101,161)
Certain pension and other postemployment benefit-related amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(47,511,934)
Deferred outflows related to the net pension liability	5,838,238
Net other postemployment benefit asset	9,205,593
Deferred outflows related to the net other postemployment benefit asset	1,223,190
Deferred inflows related to the net other postemployment benefit asset	(2,383,735)
Net position of governmental activities	$ 228,056,014

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, 2025

	General Fund	Major Street	Capital Improvement Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 29,951,740	$ -	$ 4,637,002	$ 16,940,207	$ 51,528,949
Special assessments	-	-	-	27,300	27,300
Licenses, permits, and charges for services	3,622,258	-	-	2,829,410	6,451,668
Intergovernmental:					
Federal grants	110,410	38,076	-	199,845	348,331
State-shared revenue and grants	7,971,625	6,516,434	33,534	2,720,498	17,242,091
Other grants	-	124,962	-	158,876	283,838
Fines and forfeitures	279,708	-	-	194,954	474,662
Investment income	1,926,046	273,037	579	1,829,839	4,029,501
Other:					
Local donations	9,900	-	347,431	96,069	453,400
Recreational programs	-	-	-	2,006,130	2,006,130
Tap-in fees	-	-	-	6,096	6,096
Miscellaneous	949,179	-	-	555,678	1,504,857
Total revenues	44,820,866	6,952,509	5,018,546	27,564,902	84,356,823
Expenditures					
Current:					
General government	10,473,484	-	277,942	34,155	10,785,581
Public safety	24,730,338	-	144,045	1,144,576	26,018,959
Public works	4,153,234	9,175,684	-	13,981,139	27,310,057
Community and economic development	4,050,316	-	-	277,568	4,327,884
Recreation and culture	47,483	-	695,474	7,809,057	8,552,014
Debt service:					
Principal	70,098	-	-	1,295,000	1,365,098
Interest and fiscal charges	6,970	-	170,774	122,200	299,944
Total expenditures	43,531,923	9,175,684	1,288,235	24,663,695	78,659,537
Revenues over (under) expenditures	1,288,943	(2,223,175)	3,730,311	2,901,207	5,697,286
Other financing sources (uses)					
Transfers in	-	-	-	2,413,000	2,413,000
Transfers out	(347,000)	-	-	(2,066,000)	(2,413,000)
Total other financing sources (uses)	(347,000)	-	-	347,000	-
Net change in fund balances	941,943	(2,223,175)	3,730,311	3,248,207	5,697,286
Fund balances (deficits), beginning of year, as previously reported	12,084,391	-	(9,051,104)	39,126,820	42,160,107
Change within financial reporting entity	-	7,360,704	-	(7,360,704)	-
Fund balances (deficits), beginning of year, as adjusted	12,084,391	7,360,704	(9,051,104)	31,766,116	42,160,107
Fund balances (deficits), end of year	$ 13,026,334	$ 5,137,529	$ (5,320,793)	$ 35,014,323	$ 47,857,393

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

CITY OF NOVI, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds	$ 5,697,286
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/amortization expense.	
Capital assets purchased / constructed	15,985,692
Donated capital assets	482,112
Contributed capital	1,197,804
Depreciation/amortization expense	(12,346,891)
Loss on disposal of capital assets	(283,704)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Net change in deferred inflows for grants and other receivable	(21,793)
Internal service funds are used by management to charge the costs of certain health insurance costs to individual funds. The net increase (decrease) in the net position of the internal service fund is reported with governmental activities.	
Net operating loss from governmental internal service fund	(516,294)
Investment earnings from governmental internal service fund	245,917
Net operating income attributable to business-type activities	27,898
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 bonds and other long-term liabilities	1,365,098
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of deferred charge on refunding and premium and change in accrued interest payable on bonds	62,483
Change in net pension liability and related deferred amounts	(648,406)
Change in net other postemployment benefit asset and related deferred amounts	2,021,580
Change in the accrual for compensated absences	(263,892)
Change in the claims and judgments liability	(10,711)
Change in net position of governmental activities	$ 12,994,179

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	$ 29,706,644	$ 29,745,470	$ 29,752,256	$ 6,786
Trailer fees	12,500	11,174	11,174	-
Penalties and interest	235,000	214,625	188,310	(26,315)
Licenses, permits, and charges for services	3,560,766	3,557,306	3,622,258	64,952
Intergovernmental:				
Federal grants	153,000	153,000	110,410	(42,590)
State-shared revenue and grants	7,734,386	7,938,731	7,971,625	32,894
Fines and forfeitures	325,000	325,000	279,708	(45,292)
Investment income	631,112	2,041,792	1,926,046	(115,746)
Other:				
Local donations	-	9,900	9,900	-
Miscellaneous	828,120	924,870	949,179	24,309
Total revenues	43,186,528	44,921,868	44,820,866	(101,002)
Expenditures				
Current:				
General government:				
City council	63,995	245,995	163,877	(82,118)
City manager	796,074	783,135	783,128	(7)
Financial services	1,514,272	1,536,967	1,536,947	(20)
City clerk	1,100,379	1,103,067	1,103,058	(9)
Assessing	866,921	890,533	890,544	11
City attorney, insurance, and claims	837,200	800,100	805,870	5,770
Integrated solutions	4,424,320	4,465,553	4,406,674	(58,879)
Human resources	751,121	783,401	783,386	(15)
Total general government	10,354,282	10,608,751	10,473,484	(135,267)
Public safety:				
Police	16,300,153	16,468,847	16,527,460	58,613
Fire	7,199,326	8,122,191	8,202,878	80,687
Total public safety	23,499,479	24,591,038	24,730,338	139,300
Public works	4,403,628	4,606,663	4,153,234	(453,429)
Community and economic development	3,970,185	4,097,139	4,050,316	(46,823)

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Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Recreation and culture	$ 38,843	$ 49,143	$ 47,483	$ (1,660)
Debt service:				
Principal	-	55,132	70,098	14,966
Interest and fiscal charges	-	4,526	6,970	2,444
Total debt service	-	59,658	77,068	17,410
Total expenditures	42,266,417	44,012,392	43,531,923	(480,469)
Revenues over (under) expenditures	920,111	909,476	1,288,943	379,467
Other financing uses				
Transfers out	(175,000)	(347,000)	(347,000)	-
Net change in fund balance	745,111	562,476	941,943	379,467
Fund balance, beginning of year	11,413,640	12,084,391	12,084,391	-
Fund balance, end of year	$ 12,158,751	$ 12,646,867	$ 13,026,334	$ 379,467

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal grants	$ -	$ 8,016	$ 38,076	$ 30,060
State-shared revenue and grants	6,220,038	6,374,322	6,516,434	142,112
Other grants	-	249,924	124,962	(124,962)
Investment income	76,251	125,027	273,037	148,010
Total revenues	6,296,289	6,757,289	6,952,509	195,220
Expenditures				
Current -				
Public works	9,338,289	14,718,755	9,175,684	(5,543,071)
Revenues over (under) expenditures	(3,042,000)	(7,961,466)	(2,223,175)	5,738,291
Other financing sources				
Transfers in	2,806,000	2,075,106	-	(2,075,106)
Net change in fund balance	(236,000)	(5,886,360)	(2,223,175)	3,663,185
Fund balance, beginning of year	1,175,345	7,360,704	7,360,704	-
Fund balance, end of year	$ 939,345	$ 1,474,344	$ 5,137,529	$ 3,663,185

CITY OF NOVI, MICHIGAN

Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Nonmajor - Senior Housing	Total	Internal Service Fund
Assets					
Current assets:					
Cash and cash equivalents	$ -	$ 115,441	$ 159,548	$ 274,989	$ 19,500
Investments	15,173,477	619,187	1,154,443	16,947,107	2,245,532
Receivables:					
Special assessments	52,314	-	-	52,314	-
Water and sewer billing	7,152,114	-	-	7,152,114	-
Leases	-	24,186	-	24,186	-
Other	-	17,062	81	17,143	127,370
Inventory	144,138	3,238	-	147,376	-
Prepaid items and other assets	994	6,609	1,436	9,039	239,000
Total current assets	22,523,037	785,723	1,315,508	24,624,268	2,631,402
Noncurrent assets:					
Receivables:					
Special assessments	669,611	-	-	669,611	-
Leases	-	3,185,814	-	3,185,814	-
Advances to other funds	3,100,000	-	-	3,100,000	-
Net other postemployment benefit asset	284,709	-	-	284,709	-
Capital assets not being depreciated	3,333,339	409,701	1,705,497	5,448,537	-
Capital assets being depreciated, net	159,122,766	4,417,430	8,112,851	171,653,047	-
Total noncurrent assets	166,510,425	8,012,945	9,818,348	184,341,718	-
Total assets	189,033,462	8,798,668	11,133,856	208,965,986	2,631,402
Deferred outflows of resources					
Deferred pension amounts	180,564	-	-	180,564	-
Deferred other postemployment benefit amounts	37,831	-	-	37,831	-
Total deferred outflows of resources	218,395	-	-	218,395	-
Liabilities					
Current liabilities:					
Accounts payable	4,537,776	272,394	32,532	4,842,702	-
Accrued salaries and wages	46,536	9,771	12,021	68,328	303,999
Other accrued liabilities	70,598	4,513	28,581	103,692	-
Refundable deposits	-	88,023	175,445	263,468	-
Current portion of bonds and other long-term liabilities	83,106	-	1,020,000	1,103,106	-
Total current liabilities	4,738,016	374,701	1,268,579	6,381,296	303,999
Noncurrent liabilities:					
Bonds and other long-term liabilities, net of current portion	8,318	-	-	8,318	-
Net pension liability	1,469,441	-	-	1,469,441	-
Total noncurrent liabilities	1,477,759	-	-	1,477,759	-
Total liabilities	6,215,775	374,701	1,268,579	7,859,055	303,999
Deferred inflows of resources					
Deferred other postemployment benefit amounts	73,723	-	-	73,723	-
Deferred lease amounts	-	3,210,000	-	3,210,000	-
Total deferred inflows of resources	73,723	3,210,000	-	3,283,723	-
Net position					
Net investment in capital assets	162,198,493	4,628,929	8,798,348	175,625,770	-
Restricted for other postemployment benefits	284,709	-	-	284,709	-
Unrestricted	20,479,157	585,038	1,066,929	22,131,124	2,327,403
Total net position	$ 182,962,359	$ 5,213,967	$ 9,865,277	$ 198,041,603	$ 2,327,403

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

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CITY OF NOVI, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2025

Net position - enterprise funds	$ 198,041,603
Amounts reported for *business-type activities* in the statement of net position are different because:	
Internal service fund is used by management to charge health insurance costs to individual funds. A portion of the net position of the internal service fund attributable to these charges are included in business-type activities in the statement of net position.	127,950
Net position of business-type activities	$ 198,169,553

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

CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Ice Arena	*(Formerly Major Fund)* Senior Housing	Nonmajor - Senior Housing	Total	Internal Service Fund
Operating revenues						
Charges for services:						
Sale of water	$ 13,478,801	$ -		$ -	$ 13,478,801	$ -
Sewage disposal charges	14,424,026	-		-	14,424,026	-
Concession sales	-	90,270		-	90,270	-
Installation fees	354,651	-		-	354,651	-
Rentals and other	-	2,105,776		2,208,008	4,313,784	-
Insurance	-	-		-	-	3,693,584
Fines and forfeitures	203,464	-		-	203,464	-
Other	37,067	-		6,485	43,552	574,158
Total operating revenues	28,498,009	2,196,046		2,214,493	32,908,548	4,267,742
Operating expenses						
Sewage treatment	13,261,078	-		-	13,261,078	-
Maintenance and operation	12,317,755	885,576		538,344	13,741,675	-
Depreciation	5,504,674	336,004		518,075	6,358,753	-
Salaries and fringes	1,730,424	-		-	1,730,424	4,784,036
Professional services	-	1,097,190		513,005	1,610,195	-
Supplies and other	582,362	-		-	582,362	-
Total operating expenses	33,396,293	2,318,770		1,569,424	37,284,487	4,784,036
Operating income (loss)	(4,898,284)	(122,724)		645,069	(4,375,939)	(516,294)
Nonoperating revenues (expenses)						
Interest income	1,014,674	134,836		49,223	1,198,733	245,917
Interest and fiscal charges	-	-		(29,083)	(29,083)	-
Payments to other governments	(6,000,000)	-		-	(6,000,000)	-
Total nonoperating revenues (expenses)	(4,985,326)	134,836		20,140	(4,830,350)	245,917
Income (loss) before capital contributions	(9,883,610)	12,112		665,209	(9,206,289)	(270,377)
Capital contributions (expense)						
Lines donated by developers and others	682,667	-		-	682,667	-
Customer assessments - tap fees	642,211	-		-	642,211	-
Total capital contributions (expense)	1,324,878	-		-	1,324,878	-
Change in net position	(8,558,732)	12,112		665,209	(7,881,411)	(270,377)
Net position, beginning of year, as previously reported	191,521,091	5,201,855	$ 9,200,068	-	205,923,014	2,597,780
Change within financial reporting entity	-	-	(9,200,068)	9,200,068	-	-
Net position, beginning of year, as restated/adjusted	191,521,091	5,201,855	$ -	9,200,068	205,923,014	2,597,780
Net position, end of year	$ 182,962,359	$ 5,213,967		$ 9,865,277	$ 198,041,603	$ 2,327,403

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

Reconciliation

Change in Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended June 30, 2025

Net change in net position - total enterprise funds	$ (7,881,411)
Amounts reported for *business-type activities* in the statement of activities are different because:	
Internal service fund is used by management to charge health insurance costs to individual funds. A portion of the net operating loss attributable to those funds is reported with business-type activities.	(27,898)
Change in net position of business-type activities	$ (7,909,309)

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

CITY OF NOVI, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Nonmajor - Senior Housing	Total	Internal Service Fund
Cash flows from operating activities					
Cash received from customers	$ 27,964,377	$ 2,188,110	$ 2,214,412	$ 32,366,899	$ 4,128,336
Cash payments for goods and services	(26,790,030)	(1,792,552)	(1,327,348)	(29,909,930)	-
Cash payments to employees	(1,733,768)	-	-	(1,733,768)	(4,587,037)
Net cash provided by (used in) operating activities	(559,421)	395,558	887,064	723,201	(458,701)
Cash flows from capital and related financing activities					
Acquisition/construction of capital assets	(1,935,608)	(699,456)	(86,805)	(2,721,869)	-
Principal paid on bonds and other long-term liabilities	-	-	(1,000,000)	(1,000,000)	-
Interest paid on bonds and other long-term liabilities	-	-	(29,083)	(29,083)	-
Customer assessments - tap fees received	642,211	-	-	642,211	-
Payments to other governments	(6,000,000)	-	-	(6,000,000)	-
Net cash provided by (used in) capital and related financing activities	(7,293,397)	(699,456)	(1,115,888)	(9,108,741)	-
Cash flows from investing activities					
Sale of securities	6,822,713	110,570	290,502	7,223,785	231,606
Interest and dividends received	1,014,674	134,836	49,223	1,198,733	245,917
Net cash provided by (used in) investing activities	7,837,387	245,406	339,725	8,422,518	477,523
Net change in cash and cash equivalents	(15,431)	(58,492)	110,901	36,978	18,822
Cash and cash equivalents, beginning of year	15,431	173,933	48,647	238,011	678
Cash and cash equivalents, end of year	$ -	$ 115,441	$ 159,548	$ 274,989	$ 19,500

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Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Nonmajor - Senior Housing	Total	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (4,898,284)	$ (122,724)	$ 645,069	$ (4,375,939)	$ (516,294)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	5,504,674	336,004	518,075	6,358,753	-
Change in assets and liabilities:					
Receivables:					
Special assessments	(6,696)	-	-	(6,696)	-
Water and sewer billing	(293,940)	-	-	(293,940)	-
Leases	-	23,475	-	23,475	-
Other	-	(8,092)	(81)	(8,173)	(58,061)
Due from other governments	(300,000)	-	-	(300,000)	-
Inventory	67,004	156	-	67,160	-
Prepaid items and other assets	28,106	7	(1,035)	27,078	(81,345)
Net other postemployment benefit asset	(26,055)	-	-	(26,055)	-
Deferred outflows of resources - pension amounts	39,345	-	-	39,345	-
Deferred outflows of resources - other postemployment benefit amounts	43,758	-	-	43,758	-
Accounts payable	(661,141)	184,070	(277,172)	(754,243)	-
Accrued salaries and wages	18,844	-	-	18,844	196,999
Other accrued liabilities	4,200	62	(2,299)	1,963	-
Refundable deposits	-	6,075	4,507	10,582	-
Compensated absences	20,282	-	-	20,282	-
Net pension liability	(3,289)	-	-	(3,289)	-
Deferred inflows of resources - pension amounts	(16,003)	-	-	(16,003)	-
Deferred inflows of resources - other postemployment benefit amounts	(80,226)	-	-	(80,226)	-
Deferred lease amounts	-	(23,475)	-	(23,475)	-
Net cash provided by (used in) operating activities	$ (559,421)	$ 395,558	$ 887,064	$ 723,201	$ (458,701)

Noncash item: During the year ended June 30, 2025, developers and others constructed water and sewer lines with an estimated value of $682,667 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, 2025

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Tax Collection Custodial Fund
Assets		
Cash and cash equivalents	$ 36,920	$ -
Investments, at fair/new asset value:		
U.S. government securities	9,658,064	-
U.S. agency securities	3,485,250	-
Corporate bonds	3,489,774	-
Equities	7,051,056	-
Mutual funds	5,884,515	-
MERS Retiree Healthcare Funding Vehicle	5,576,566	-
Hedge funds	2,251,430	
Private equity funds	1,000,000	
Total assets	38,433,575	-
Net position		
Restricted for other postemployment benefits	$ 38,433,575	$ -

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, 2025

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Tax Collection Custodial Fund
Additions		
Contributions -		
Employer	$ 81,097	$ -
Investment income:		
Net change in fair value of investments	2,627,734	-
Interest and dividends	861,700	-
Total investment income	3,489,434	-
Less: investment expense	(348,461)	-
Net investment income	3,140,973	-
Taxes collected for other governments	-	152,229,754
Total additions	3,222,070	152,229,754
Deductions		
Healthcare insurance premiums	1,510,416	-
Administrative expense	18,750	-
Payments of taxes to other governments	-	152,229,754
Total deductions	1,529,166	152,229,754
Change in net position	1,692,904	-
Net position, beginning of year	36,740,671	-
Net position, end of year	$ 38,433,575	$ -

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

CITY OF NOVI, MICHIGAN

Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2025

	Economic Development Corporation	Corridor Improvement Authority	Totals
Assets			
Cash and cash equivalents	$ 86,757	$ -	$ 86,757
Capital assets not being depreciated	35,000	-	35,000
Capital assets being depreciated, net	-	3,490,305	3,490,305
Total assets	121,757	3,490,305	3,612,062
Liabilities			
Advance from primary government	-	1,561,862	1,561,862
Net position			
Net investment in capital assets	35,000	1,928,443	1,963,443
Unrestricted	86,757	-	86,757
Total net position	$ 121,757	$ 1,928,443	$ 2,050,200

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

CITY OF NOVI, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units
For the Year Ended June 30, 2025

	Economic Development Corporation	Corridor Improvement Authority	Totals
Expenses			
Economic Development Corporation	$ 52,199	$ -	$ 52,199
Corridor Improvement Authority	-	210,741	210,741
Total expenses	52,199	210,741	262,940
General revenues			
Property taxes	-	845,594	845,594
Other	25,000	-	25,000
Total general revenues	25,000	845,594	870,594
Change in net position	(27,199)	634,853	607,654
Net position, beginning of year	148,956	1,293,590	1,442,546
Net position, end of year	$ 121,757	$ 1,928,443	$ 2,050,200

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

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Blended Component Unit

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

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

Discretely Presented Component Units

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

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

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

Fiduciary Component Unit

The Retiree Health Care Plan Trust Fund (the “RHC”) was created by the City to provide funding for future retiree healthcare payments to retirees. City Council has approved an investment policy for the fund which dictates how the assets are invested. Assets are invested with the Michigan Employees Retirement System (MERS) and two financial institutions. The City has the ability to impose its will upon the trust fund.

Joint Ventures

The City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Authority"). The Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom, Michigan and the Charter Township of South Lyon. The City appoints one member to the Authority’s governing board, which then approves the annual budget. The Authority receives its operating revenue from member contributions and miscellaneous income. The financial information of the Authority as of June 30, 2025 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. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

The City reports the following major governmental funds:

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

The *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 192.34 total centerline miles that make up the City of Novi road network, the City has 45.2 centerline miles of major streets. Financing is primarily provided by the City's share of state gas and weight taxes.

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.

Additionally, the City reports the following fund types:

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

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal, interest and related costs.

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

The *permanent fund* accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government’s programs.

The *enterprise fund* accounts for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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

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

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

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

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

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

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

Restricted net position represents amounts that are subject to restrictions beyond the City'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 City'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 City's shares are recorded at amortized cost, which approximates fair value. The Pool is not subject to regulatory oversight, is not registered with the SEC (Securities Exchange Commission) and does not issue separate financial statements. The value of the City's position in the Pool is the same as the value of the Pool shares, and includes accrued interest.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2025, the City did not record an allowance for uncollectible accounts, as they expect to collect all outstanding receivables.

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

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

Leases

Lessee. The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

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

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

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

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

Subscription-Based Information Technology Arrangements (SBITA)

The City has noncancellable subscription-based information technology arrangements. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of $5,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

Inventory and Prepaid Items and Other Assets

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

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

Capital Assets

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

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

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

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

Deferred Outflows of Resources

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

Unearned Revenue

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

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - personal and sick. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-term Obligations

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

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

Deferred Inflows of Resources

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

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 general fund is the only fund that reports a positive unassigned fund balance.

The City Council adopted an updated Fund Balance Reserve Policy in October 2024. 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 a target of 28%-30% of the proposed budgeted expenditures for the following year. The policy also sets specific requirements on how to address variances form the target (+/- 3%).

If the fund balance is expected to fall to 25% or lower, the following corrective action plan is required: The City will immediately create a plan such that fund balance is greater than 25% within three years by:

a. controlling operating expenditures, adjusting operations and/or dedicating excess or specific revenue sources
b. adjusting operations and capital projects and/or
c. dedicating excess or specific revenue sources
d. any other means as recommended by staff and approved by City Council

If fund balance is expected to be 33% or greater, the following action is required: The City Council shall discuss elevated fund balance level, and shall consider:

a. moving a portion of fund balance from unassigned to assigned
b. lowering taxes
c. appropriating funds over the next three fiscal years to one time/capital projects and/or
d. articulating reason for elevated balance (saving for pension paydown, anticipated economic downturn, etc.)
e. other option as council deems appropriate

The City's minimum reserve as a percentage of budgeted expenditures is 10%-20% individually and collectively amongst the three road funds, 12%-22% for parks and recreational services, and varying reserves for the remaining special revenue funds dependent on the funds' yearly activity and capital needs. Subsequent to year end, the City amended the policy to update the minimum reserve percentages, which will be in effect for the fiscal year ended June 30, 2026. The City's reserve policies are based on sound fiscal principles designed to maintain adequate fund balance levels, which are an important component of the City’s financial strength. The City will seek to maintain a diversified and stable revenue system to shelter itself from short-run fluctuations in any one revenue source and will establish all user charges and fees at a level consistent with the cost of providing such services.

Interfund Transactions

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

Pensions and Other Postemployment Benefits

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

Special Assessments

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

Property Tax Revenue

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

The City's 2024 property tax revenue was levied and collectible on July 1, 2024 and is recognized as revenue in the year ended June 30, 2025 when the proceeds of the levy are budgeted and available for the financing of operations.

Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	4.7505	$ 23,518,000
Police and fire supplemental millage	1.3518	6,706,000
Parks and recreation operations	0.3648	1,808,000
Library operations	0.7303	3,620,000
Street maintenance operations	1.4197	7,037,000
Drains maintenance operations	0.6120	3,033,000
Debt levies for library	0.3471	1,721,000
Capital improvements	0.9514	4,716,000
Economic development	0.0100	49,000
		$ 52,208,000

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 street special revenue fund are presented as a part of the basic financial statements. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the nonmajor governmental funds is presented as other supplemental information.

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

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

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

1. Prior to the third Monday in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing on the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments.

3. Prior to the third Monday in May, the budget is legally enacted through passage of an ordinance.

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

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, 2025, the City incurred expenditures in excess of the amounts appropriated as follows:

	Final Budget	Actual	Over Budget
General fund			
Current:			
General government:			
Assessing	$ 890,533	$ 890,544	$ 11
City attorney, insurance, and claims	800,100	805,870	5,770
Public safety:			
Police	16,468,847	16,527,460	58,613
Fire	8,122,191	8,202,878	80,687
Debt service:			
Principal	55,132	70,098	14,966
Interest and fiscal charges	4,526	6,970	2,444

Deficit Fund Equity

At year end, the City reported unassigned fund balance deficits in the capital improvement program capital projects fund and the nonmajor community development block grant special revenue fund of $5,320,793 and $9,023, respectively. The deficit in the capital improvement program capital projects fund resulted largely from internal borrowing. In prior years, the City council approved a plan to advance construct significant projects totaling approximately $17 million and to borrow funds either internally or externally to fund the projects. After reviewing funding options (internal borrowings vs. bond issuance), it was determined that the most beneficial way to handle the financing was to borrow internally using long-term capital reserves from other City funds. Internal borrowing will save the City several hundred thousand dollars of bond issuance costs and the millions in interest costs incurred would stay within the City. The City has an approved deficit elimination plan ("DEP") with the State of Michigan for the fiscal year ended June 30, 2024 and will be updating the plan based on the final June 30, 2025 audit. The deficit in the community development block grant special revenue fund was equal to the revenues deferred as a result of receivables collected outside of the period of availability.

State Construction Code Act

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

Shortfall at July 1, 2024	$ (3,472,005)
Current year building permit revenue	1,904,571
Related costs	(1,886,273)
Cumulative shortfall at June 30, 2025	$ (3,453,707)

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2025:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	$ 2,595,287	$ 86,757	$ 2,682,044
Investments	74,647,312	-	74,647,312
Statement of fiduciary net position			
Postemployment benefits -			
Retiree healthcare benefits trust fund:			
Cash and cash equivalents	36,920	-	36,920
Investments	38,396,655	-	38,396,655
Total	$ 115,676,174	$ 86,757	$ 115,762,931

Deposits and investments	
Bank deposits:	
Checking / savings accounts	$ 2,689,935
Certificates of deposit	16,400,995
Portfolio cash - Retiree Health Care Benefits Trust Fund	24,924
Investments:	
City pool	58,246,317
Retiree Health Care Benefits Trust Fund	38,396,655
Cash on hand	4,105
Total	$ 115,762,931

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, 2025, $18,575,817 of the City's bank balance of $22,268,448 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, 2025, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk were exposed to risk since the securities are held in the City's name by the counterparty.

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	$ 922,149	$ 9,658,064
U.S. agency securities	13,652,079	3,485,250
Corporate bonds	-	3,489,774
Municipal bonds	12,485,991	-
Equities	-	7,051,056
Mutual funds	-	5,884,515
Money market funds	11,185,442	-
Michigan CLASS government investment pool	19,005,850	-
Commercial paper	992,249	-
MERS Retiree Healthcare Funding Vehicle	-	5,576,566
Hedge funds	-	2,251,430
Private equity funds	-	1,000,000
Bank investment pool - Oakland County	2,557	-
Total investments	$ 58,246,317	$ 38,396,655

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.

The City's investments were rated as follows:

	City	Retiree Health Care Benefits Trust Fund
Standard & Poor's AAA	$ 19,005,850	$ -
Standard & Poor's AA+	10,043,862	-
Standard & Poor's AA	7,040,266	-
Standard & Poor's AA-	1,496,302	136,489
Standard & Poor's A+	-	651,991
Standard & Poor's A	197,112	1,291,862
Standard & Poor's A-	-	864,249
Standard & Poor's BBB+	-	390,230
Standard & Poor's BBB	-	154,953
Standard & Poor's A1	992,249	-
Moody's Aa1	-	9,658,064
Moody's Aa3	233,479	-
Moody's A1	175,777	-
Unrated	-	3,485,250
Not subject to credit risk	19,061,420	21,763,567
Total investments	$ 58,246,317	$ 38,396,655

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2025, maturities of the City's investments were as follows:

	City	Retiree Health Care Benefits Trust Fund
Less than 1 year	$ 9,822,010	$ 72,791
1 - 5 years	15,798,127	9,027,559
6 - 10 years	2,256,554	3,520,751
More than 10 years	175,777	4,011,987
No maturity	30,193,849	21,763,567
Total	$ 58,246,317	$ 38,396,655

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.

At June 30, 2025, 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	14.5%
MFS International Diversification Fund Class A Mutual Fund	Morgan Stanley	N/A	7.7%
Michigan CLASS investment pool	Michigan CLASS	32.6%	N/A
Money market funds	Huntington National Bank	19.2%	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, 2025:

	Level 1	Level 2	Level 3	Total
U.S. government securities	$ 10,580,213	$ -	$ -	$ 10,580,213
U.S. agency securities	17,137,329	-	-	17,137,329
Corporate bonds	3,489,774	-	-	3,489,774
Municipal bonds	-	12,485,991	-	12,485,991
Equities	6,837,184	213,872	-	7,051,056
Mutual funds	-	5,884,515	-	5,884,515
Money market funds	11,185,442	-	-	11,185,442
Commercial paper	992,249	-	-	992,249
MERS Retiree Healthcare Funding Vehicle	5,576,566	-	-	5,576,566
	$ 55,798,757	$ 18,584,378	$ -	74,383,135
Investments measured at NAV				
Michigan CLASS investment pool				19,005,850
Hedge funds				2,251,430
Private equity funds				1,000,000
Investments measured at amortized cost				
Bank investment pool - Oakland County				2,557
				$ 96,642,972

The fair value of the City's Level 1 investments is based on quotes from publicly traded securities markets, where available. The fair value of the City's Level 2 investments is determined primarily by a matrix pricing technique, which is used to value securities based on their relationship to benchmark quoted prices. Due to the inherent uncertainty of determining the fair value of investments that are not publicly traded, the fair value reported for these investments may differ significantly from the values that would have been used had a publicly traded market existed for such investments. The investments in the Michigan CLASS government investment pool are not categorized as they are measured at net asset value per share or its equivalent.

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

At year end, the net asset value of the City's investment in Michigan CLASS was $19,005,850. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

In addition, the City holds shares in two hedge funds (BCRED and BREIT) and one private equity fund (ARES), with net asset values at year end of $2,251,430 and $1,000,000, respectively. These three investments are considered alternative investments and are part of the overall asset allocation for diversification and long-term appreciation. There were no unfunded commitments related to these investments as all were fully funded at the time of investment. There is a quarterly redemption feature for BCRED and ARES, and a monthly redemption feature for BREIT, with a required notice of one to three days to the end of the quarter/month to get liquidated for that quarter/month. Each fund has a 5% redemption feature quarterly/monthly of the entire fund balance. If the total value of the redemption request is more than 5% of the outstanding total fund value, investors will be able to redeem on a pro rata basis. The City has no intention to sell these investments, aside from selling to keep the asset allocation in line over time, which would result in a shaving off of the position. However, there is no cost to sell after the fund has been held by the City for one year.

Notes to Financial Statements

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Special assessments receivable	$ -	$ 721,925
Water and sewer billing receivable	-	7,152,114
Accrued interest receivable	265,483	-
Leases receivable	624,560	3,210,000
Other receivables	1,184,184	17,143
Due from other governments	2,858,112	-
Advances to other governments	2,375	-
	$ 4,934,714	$ 11,101,182
Amount not expected to be collected within one year	$ 859,098	$ 3,855,425

5. LEASES

Lessee - The City is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the City will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

The right-to-use asset and the related activity are included in Note 9, Capital Assets. The lease liability and related activity are presented in Note 10, Bonds and Other Long-term Liabilities.

	Remaining Term of Agreement
Asset Type	
Equipment	4 years

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	$ 15,575	$ 1,836
2027	16,210	1,201
2028	16,870	541
2029	4,324	29
Totals	$ 52,979	$ 3,607

Lessor - The City is involved in five agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2025 was $73,173.

	Remaining Term of Arrangement
Asset type	
Cell towers	1-31 years
Ice arena	1 year
Use of City fire station	7 years

Notes to Financial Statements

6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in one arrangement that qualifies as a long-term subscription-based information technology ("SBITA") arrangement. Below is a summary of the nature of this arrangement. This arrangement qualifies as an intangible, right-to-use subscription asset as the City has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year.

	Remaining Term of Agreement
Asset Type	
Subscription assets	1 year

The right-to-use asset and the related activity are included in Note 9, Capital Assets. The subscription liability and related activity are presented in Note 10, Bonds and Other Long-term Liabilities.

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	$ 58,003	$ 2,320

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Activities	Business-type Activities
Accounts payable	$ 4,688,962	$ 4,842,702
Accrued salaries and wages	1,313,538	68,328
Other accrued liabilities	479,321	103,692
Accrued interest payable	23,950	-
Claims and judgments payable	101,161	-
	$ 6,606,932	$ 5,014,722

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	$ 2,159,490	$ -
Capital improvement program capital projects fund	-	2,156,959
Nonmajor governmental funds	-	2,531
Total	$ 2,159,490	$ 2,159,490

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

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

	Advances to Other Funds	Advances from Other Funds
Capital improvement program capital projects fund	$ -	$ 3,100,000
Water and sewer enterprise fund	3,100,000	-
Total	$ 3,100,000	$ 3,100,000

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

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

	Advances to Component Unit	Advances from Primary Government
Nonmajor governmental funds	$ 1,561,862	$ -
Corridor improvement authority	-	1,561,862
Total	$ 1,561,862	$ 1,561,862

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

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

	Transfers in
Transfers Out	**Nonmajor Governmental Funds**
General fund	$ 347,000
Nonmajor governmental funds	2,066,000
	$ 2,413,000

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.

Transfers were made as follows:

- The transfer from the general fund to the public improvement capital projects fund (nonmajor) was to fund future capital projects.
- The transfer from the municipal street special revenue fund (nonmajor) to the local street special revenue fund (nonmajor) was to fund current and future street improvement projects.

Notes to Financial Statements

9. 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/amortized:					
Land	$ 41,721,141	$ 210,000	$ -	$ -	$ 41,931,141
Construction in progress	17,254,846	9,873,418	-	(4,604,595)	22,523,669
	58,975,987	10,083,418	-	(4,604,595)	64,454,810
Capital assets being depreciated/amortized:					
Roads	162,995,413	4,718,967	(12,126,448)	4,126,084	159,714,016
Nonmotorized pathway improvements	18,488,121	-	-	-	18,488,121
Bridges	2,256,131	-	-	-	2,256,131
Drains	18,598,832	-	-	-	18,598,832
Buildings and improvements	64,816,713	333,618	(329,513)	95,723	64,916,541
Machinery and equipment	26,099,629	1,258,829	(404,680)	-	26,953,778
Land improvements	13,243,129	738,859	-	382,788	14,364,776
Library books	3,416,875	531,917	(468,513)	-	3,480,279
Lease equipment (Note 5)	82,325	-	-	-	82,325
Subscription assets (Note 6)	165,537	-	-	-	165,537
	310,162,705	7,582,190	(13,329,154)	4,604,595	309,020,336
Less accumulated depreciation/amortization for:					
Roads	(88,008,608)	(6,139,962)	12,126,448	-	(82,022,122)
Nonmotorized pathway improvements	(8,110,460)	(801,728)	-	-	(8,912,188)
Bridges	(1,855,023)	(70,654)	-	-	(1,925,677)
Drains	(9,164,573)	(703,086)	-	-	(9,867,659)
Buildings and improvements	(28,188,945)	(1,511,871)	305,659	-	(29,395,157)
Machinery and equipment	(19,032,433)	(2,072,686)	379,086	-	(20,726,033)
Land improvements	(2,168,263)	(574,824)	-	-	(2,743,087)
Library books	(262,725)	(414,231)	234,257	-	(442,699)
Lease equipment (Note 5)	(16,465)	(16,465)	-	-	(32,930)
Subscription assets (Note 6)	(41,384)	(41,384)	-	-	(82,768)
	(156,848,879)	(12,346,891)	13,045,450	-	(156,150,320)
Total capital assets being depreciated/amortized, net	153,313,826	(4,764,701)	(283,704)	4,604,595	152,870,016
Governmental activities capital assets, net	$ 212,289,813	$ 5,318,717	$ (283,704)	$ -	$ 217,324,826

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	17,350,786	669,720	-	(14,844,225)	3,176,281
	19,623,042	669,720	-	(14,844,225)	5,448,537
Capital assets being depreciated:					
Water and sewer distribution systems	236,168,887	1,841,255	-	14,116,246	252,126,388
Buildings and improvements	34,399,407	567,744	(39,343)	37,825	34,965,633
Machinery and equipment	4,240,146	278,712	(98,349)	50,302	4,470,811
Land improvements	3,310,343	47,105	-	639,852	3,997,300
	278,118,783	2,734,816	(137,692)	14,844,225	295,560,132
Less accumulated depreciation for:					
Water and sewer distribution systems	(97,861,751)	(4,899,180)	-	-	(102,760,931)
Buildings and improvements	(16,030,948)	(935,984)	39,343	-	(16,927,589)
Machinery and equipment	(3,017,010)	(353,258)	98,349	-	(3,271,919)
Land improvements	(776,315)	(170,331)	-	-	(946,646)
	(117,686,024)	(6,358,753)	137,692	-	(123,907,085)
Total capital assets being depreciated, net	160,432,759	(3,623,937)	-	14,844,225	171,653,047
Business-type activities capital assets, net	$ 180,055,801	$ (2,954,217)	$ -	$ -	$ 177,101,584

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Economic Development Corporation					
Capital assets not being depreciated -					
Historical treasure	$ 35,000	$ -	$ -	$ -	$ 35,000

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Corridor Improvement Authority					
Capital assets being depreciated -					
Roads	$ 3,966,256	$ -	$ -	$ -	$ 3,966,256
Less accumulated depreciation for -					
Roads	(317,300)	(158,651)	-	-	(475,951)
Total capital assets being depreciated, net	3,648,956	(158,651)	-	-	3,490,305
Component Unit - Corridor Improvement Authority capital assets, net	$ 3,648,956	$ (158,651)	$ -	$ -	$ 3,490,305

Depreciation/amortization expense was charged to governmental activities functions as follows:

General government	$ 644,227
Public safety	1,462,401
Public works	8,474,467
Community and economic development	111,261
Recreation and culture	1,654,535
Total governmental activities	$ 12,346,891

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

Water and sewer	$ 5,504,674
Ice arena	336,004
Nonmajor - senior housing	518,075
Total business-type activities	$ 6,358,753

Construction commitments consisted of the following at June 30, 2025:

Governmental activities	
Sidewalks and pathways	$ 4,629
Street construction	5,195,298
Drains	1,016,692
Total governmental activities	$ 6,216,619
Business-type activities	
Water and sewer	$ 197,794

10. BONDS AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term liabilities transactions of the City for the year ended June 30, 2025:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds					
$8,715,000 2016 Unlimited Tax Library Refunding Bonds, installments of $165,000 to $1,390,000 through October 1, 2026, interest at 2.0% to 4.0%	$ 4,025,000	$ -	$ (1,295,000)	$ 2,730,000	$ 1,340,000
Lease liability (Note 5)	67,945	-	(14,966)	52,979	15,575
Subscription liability (Note 6)	113,135	-	(55,132)	58,003	58,003
Unamortized premium					
2016 Unlimited Tax Library Refunding Bonds	256,061	-	(128,030)	128,031	128,031
Compensated absences*	2,853,596	263,892	-	3,117,488	1,823,073
Total governmental activities	$ 7,315,737	$ 263,892	$ (1,493,128)	$ 6,086,501	$ 3,364,682

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
General obligation bonds					
$9,075,000 2015 Senior Complex Recreation Facility Refunding Bonds, installments of $850,000 to $1,020,000 through October 1, 2025, interest at 2.29%	$ 2,020,000	$ -	$ (1,000,000)	$ 1,020,000	$ 1,020,000
Compensated absences*	71,142	20,282	-	91,424	83,106
Total business-type activities	$ 2,091,142	$ 20,282	$ (1,000,000)	$ 1,111,424	$ 1,103,106

* The change in compensated absences liability is presented as a net change.

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

	Governmental Activities		Business-type Activities	
Year Ended June 30,	Principal	Interest	Principal	Interest
2026	$ 1,340,000	$ 75,700	$ 1,020,000	$ 11,679
2027	1,390,000	27,800	-	-
	$ 2,730,000	$ 103,500	$ 1,020,000	$ 11,679

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.

11. 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,	
	2025	2024
Estimated liability, beginning of year	$ 90,450	$ 613,117
Estimated claims incurred, including changes in estimates	56,888	23,708
Claim recoveries (payments)	(46,177)	(546,375)
Estimated liability, end of year	$ 101,161	$ 90,450

12. PROPERTY TAXES

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

The City is permitted by charter and state law to levy taxes up to $6.50 per $1,000 of assessed valuation for general operations other than the payment of principal and interest on long-term debt. The tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2025 was $4.7505 per $1,000 of taxable value.

13. TAX ABATEMENTS

The City received reduced property tax revenues during fiscal year 2025 as a result of industrial facilities tax exemptions (IFT's) and Brownfield Redevelopment agreements.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately $241,000 in reduced City tax revenues for fiscal year 2025.

Brownfield Redevelopment Agreements are granted in the State of Michigan under the Brownfield Redevelopment Act, PA 381 of 1996, as amended, and are intended to promote the redevelopment of properties with presence or perception of contamination. Under this act, a municipality may create a Brownfield Redevelopment Authority to develop and implement Brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to approximately $230,000 in reduced City tax revenues for fiscal year 2025.

14. PENSION PLAN - AGENT MULTIPLE-EMPLOYER PLAN

General Information About the Plan

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

Employees Covered by Benefit Terms. At the December 31, 2024 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	246
Inactive employees entitled to but not yet receiving benefits	52
Active employees	122
Total membership	420

Contributions and Benefits Provided

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees. For the year ended June 30, 2025, employer contribution amounts for closed plans were based on projected payroll and for open plans were based on a percentage of payroll.

Employee contribution amounts or rates and benefits provided, by division/bargaining unit, were as follows for the year ended June 30, 2025:

- ***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.

- ***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.

- ***General Teamster (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.

- ***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.

- ***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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	6.93%, net of investment and administrative expense including inflation

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

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

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of the most recent actuarial experience study of 2019-2023.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
	100.0%		
Inflation			2.50%
Dedicated gains adjustment			-0.07%
Administrative expenses netted above			0.25%
Investment rate of return			7.18%

In February 2022, the MERS Retirement Board adopted a Dedicated Gains Policy. The purpose of the Policy is to automatically reduce the assumed rate of investment return for annual actuarial valuation purposes if the plan year’s fair value of investment income exceeds the expected investment income.

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2024 was 7.18%. 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, 2023	$ 129,797,372	$ 80,706,381	$ 49,090,991
Changes for the year:			
Service cost	1,391,576	-	1,391,576
Interest	9,080,916	-	9,080,916
Differences between expected and actual experience	1,655,961	-	1,655,961
Changes in assumptions	41,928	-	41,928
Employer contributions	-	5,857,057	(5,857,057)
Employee contributions	-	481,867	(481,867)
Net investment income	-	6,118,507	(6,118,507)
Benefit payments, including refunds of employee contributions	(8,036,041)	(8,036,041)	-
Administrative expense	-	(177,434)	177,434
Net changes	4,134,340	4,243,956	(109,616)
Balances at December 31, 2024	$ 133,931,712	$ 84,950,337	$ 48,981,375

Changes in assumptions. A 5-year experience study analyzing historical experience from 2019 through 2023 was completed in February 2025. The experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, and termination rates.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.18%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
City's net pension liability	$ 64,152,542	$ 48,981,375	$ 36,242,829

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

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

For the year ended June 30, 2025, the City recognized pension expense of $6,487,345. 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	$ 2,203,241	$ -	$ 2,203,241
Changes in assumptions	343,504	-	343,504
Net difference between projected and actual earnings on pension plan investments	2,832,739	-	2,832,739
	5,379,484	-	5,379,484
Contributions subsequent to the measurement date	639,318	-	639,318
Total	$ 6,018,802	$ -	$ 6,018,802

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, 2025. 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
2026	$ 3,280,884
2027	2,833,060
2028	(656,242)
2029	(78,218)
Total	$ 5,379,484

Payable to the Pension Plan. At June 30, 2025, the City had $127,146 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.

Notes to Financial Statements

15. DEFINED CONTRIBUTION PENSION PLAN

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

The City and each member contribute a percentage of eligible earnings to an individual account established for each participant. For the administrative and MAPE groups, the City's contribution rate is 9 percent, and the employee's contribution rate is 3 percent. For the dispatch and fire groups, the City's contribution rate is 10 percent, and the employee's contribution rate is 6 percent. For the police clerks group, the City's contribution rate is 8 percent, and the employee's contribution rate is 6 percent. For the library group, the City's contribution rate is 6 percent, and the employee's contribution rate is 3 percent.

All contributions are remitted to a third-party plan administrator. The DC plan maintains a schedule of vesting with the participants becoming fully vested upon completion of seven years of continuous service. The contribution requirements of plan members are established and may be amended by the City Council in accordance with city policies, union contracts, and MERS plan provisions. There were 154 members participating in the DC plan as of June 30, 2025. During the year ended June 30, 2025, the City contributed $1,138,417 to the plan.

16. OTHER POSTEMPLOYMENT HEALTH BENEFITS

Plan Administration. The City provides healthcare benefits to most full-time employees upon retirement through a single employer postemployment benefit plan. The City includes pre-Medicare retirees and their spouses in its insured healthcare plan. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. This healthcare benefit plan is closed to all general non-union employees and appointed officials hired after May 1, 2006, general union and MAPE employees hired after December 1, 2006, fire employees hired after June 1, 2009, dispatchers hired after August 23, 2011, POLC employees hired after March 15, 2012, and COAM 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, 2023 (the date of the most recent valuation):

Inactive plan members receiving or entitled to future benefits	101
Active plan members	85
Total	186

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

Contributions. The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's Retiree Health Care Benefits Trust fund. Plan participants are required to make co-payments, as noted above. For the year ended June 30, 2025, employer contributions totaled $81,097, which was entirely comprised of the implicit rate subsidy.

Actuarial Assumptions. The total other postemployment liability was determined by respective actuarial valuations as of June 30, 2023 (and rolled forward to June 30, 2025), 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	15 years, closed
Asset valuation method	Fair value of assets
Price inflation	2.5%
Salary increases	3.0% to 9.7%, including inflation
Investment rate of return	7.0%, net of OPEB plan investment expense
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	The rates of mortality used for individual members are based upon the sex distinct Pub-2010 tables, as published by the Society of Actuaries, and include a margin for future mortality improvements projected using a fully generational improvement scale. The tables used were as follows: 1) **Pre-Retirement Mortality:** Sex distinct Pub-2010 General Employees table without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. Ninety percent (90%) of active member deaths are assumed to be non-duty deaths and 10% of the deaths are assumed to be duty related.

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

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

Healthcare cost trend rate	Non-Medicare: 7.25%, gradually decreasing to 3.5% in year 15 Medicare: 6.50%, gradually decreasing to 3.5% in year 15

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, 2025 (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
Cash/cash equivalents	0.0%	3.70%	0.00%
Fixed income	59.1%	4.80%	2.84%
Domestic equities	22.1%	6.50%	1.44%
International equities	8.9%	7.30%	0.65%
Other alternative investments	9.9%	6.50%	0.64%
	100.0%		
Inflation			2.50%
Risk adjustment			-1.07%
Investment rate of return			7.00%

Investment Allocation Policy. The primary investment return objective shall be asset preservation and risk reduction – preservation of capital and reducing risk and volatility to meet a stated rate or return. The secondary investment return objective is to achieve a balanced return of current income and modest growth of principal. The investment policy is set to establish a long-term strategic investment plan for the Fund, including, but not limited to, evaluating the City's risk tolerance and determining a long-term investment objectives, financial needs and circumstances of the fund and the City. The policy is set to diversify its investment portfolios as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The City's Treasurers Department will monitor the performance of the fund. The City's Treasurers Department will evaluate the investment manager's contribution toward meeting the investment objectives outlined below over a three-to-five-year time period and a full market cycle, unless otherwise noted. Over a given market cycle, (typically defined as 3 to 5 years), the time weighted total rate of investment return should exceed, for the total fund, an appropriately designed custom benchmark. The custom benchmark is based on the fund's and investment manager's investment style, actual asset allocations, and constructed with appropriate indices given the asset mix. The real return goal (return after adjusting for inflation) for the Fund assets is 3.0% Inflation shall be measured by the U.S. All Urban Consumers Price Index ("CPI"). In addition, the Fund is expected to outpace the style index return measured on a compound average annual return basis after the deduction of investment management fees and annualized over a three-to-five-year rolling time period and a full market cycle. In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed 5% of the total fund, and no more than 20% of the total fund should be invested in any one industry. The total allocation to treasury bonds and notes may represent up to 100% of the City of Novi Retiree Health Care Fund's aggregate bond position and treasury securities may represent up to 60% of the total fund.

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

Rate of Return. For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 1.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the Net Other Postemployment Benefit 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, 2024	$ 28,118,885	$ 36,740,671	$ (8,621,786)
Changes for the year:			
Service cost	257,383	-	257,383
Interest	1,924,466	-	1,924,466
Differences between expected and actual experience	152,955	-	152,955
Employer contributions	-	81,097	(81,097)
Net investment income	-	3,140,973	(3,140,973)
Benefit payments, including refunds of employee contributions	(1,510,416)	(1,510,416)	-
Administrative expense	-	(18,750)	18,750
Net changes	824,388	1,692,904	(868,516)
Balances at June 30, 2025	$ 28,943,273	$ 38,433,575	$ (9,490,302)

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

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
City's net OPEB asset	$ (5,991,313)	$ (9,490,302)	$ (12,405,580)

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

- Non-Medicare: Initial rate of 7.25%, graded down to 3.50% in year 15, as well as what the City's net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.25% graded down to 2.50% over 12 years) or 1% higher (8.25% graded down to 4.50% over 12 years) than the current rate.

- Medicare: Initial rate of 6.50%, decreasing 0.25% per year to a 3.50% long-term rate, as well as what the City's net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1% lower (5.50% graded down to 2.50%) or 1% higher (7.50% graded down to 4.50%) than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's net OPEB asset	$ (13,019,761)	$ (9,490,302)	$ (5,219,510)

Other Postemployment Benefit Expense and Deferred Outflows/Inflows of Resources Related to Other Postemployment Benefits. For the year ended June 30, 2025, the City recognized other postemployment benefit expense of $(2,003,007). At June 30, 2025, 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	$ 171,300	$ 2,334,182	$ (2,162,882)
Changes in assumptions	1,089,721	-	1,089,721
Net difference between projected and actual earnings on other postemployment benefit plan investments	-	123,276	(123,276)
Total	$ 1,261,021	$ 2,457,458	$ (1,196,437)

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

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

Year Ended June 30,	Amount
2026	$ 215,500
2027	(810,207)
2028	(477,770)
2029	(123,960)
	$ (1,196,437)

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2025, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated/amortized	$ 64,454,810	$ 5,448,537	$ 35,000
Capital assets being depreciated/amortized, net	152,870,016	171,653,047	3,490,305
	217,324,826	177,101,584	3,525,305
Related debt:			
Bonds payable	2,730,000	1,020,000	-
Lease liability	52,979	-	-
Subscription liability	58,003	-	-
Unamortized bond premium	128,031	-	-
Advance from primary government	-	-	1,561,862
Less: unamortized deferred charge on refunding	(156,993)	-	-
Construction related payables	2,576,906	455,814	-
	5,388,926	1,475,814	1,561,862
Net investment in capital assets	$ 211,935,900	$ 175,625,770	$ 1,963,443

Notes to Financial Statements

18. OPIOID SETTLEMENT

The City is part of various nationwide Opioid settlements reached by states and local political subdivisions against pharmaceutical distributors, manufacturers, and pharmacies. The terms of the settlements vary by entity; however, the City received installments beginning in 2023 and expects to receive future installments through 2030. The City currently expects the total amount of the settlement to be $534,543. Settlement payments received during the year ended June 30, 2025 were $25,573. The total receivable for all of the settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2025 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2025 is $324,908.

Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2025, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

19. ADJUSTMENTS TO BEGINNING NET POSITION/FUND BALANCE

For the year ended June 30, 2025, the City had the following adjustments to beginning net position/fund balance.

	Governmental Activities		Business-type Activities - Enterprise Funds	
	Major Street Special Revenue Fund	Nonmajor Governmental Funds	Senior Housing	Nonmajor
Net position/fund balances, beginning of year, as previously reported	$ -	$ 39,126,820	$ 9,200,068	$ -
Change within the financial reporting entity:				
Change from nonmajor to major fund	7,360,704	(7,360,704)	-	-
Change from major to nonmajor fund	-	-	(9,200,068)	9,200,068
Net position/fund balances, beginning of year, as adjusted	$ 7,360,704	$ 31,766,116	$ -	$ 9,200,068

The City previously reported the major street special revenue fund as nonmajor. The major street special revenue fund now meets the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2025.

The City previously reported the senior housing enterprise fund as major. The senior housing enterprise fund no longer meets the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

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,			
	2025	2024	2023	2022
Total pension liability				
Service cost	$ 1,391,576	$ 1,301,708	$ 1,208,770	$ 1,165,302
Interest	9,080,916	8,698,248	8,633,411	8,443,443
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	1,655,961	3,297,799	(1,600,261)	964,642
Changes in assumptions	41,928	946,656	-	4,442,998
Benefit payments, including refunds of member contributions	(8,036,041)	(7,544,009)	(7,244,224)	(6,943,708)
Net change in total pension liability	4,134,340	6,700,402	997,696	8,072,677
Total pension liability, beginning	129,797,372	123,096,970	122,099,274	114,026,597
Total pension liability, ending (a)	133,931,712	129,797,372	123,096,970	122,099,274
Plan fiduciary net position				
Contributions - employer	5,857,057	5,357,811	5,464,228	5,661,548
Contributions - member	481,867	451,944	453,554	487,219
Net investment income (loss)	6,118,507	8,214,905	(8,549,268)	10,489,200
Benefit payments, including refunds of member contributions	(8,036,041)	(7,544,009)	(7,244,224)	(6,943,708)
Administrative expense	(177,434)	(173,037)	(154,966)	(120,330)
Net change in plan fiduciary net position	4,243,956	6,307,614	(10,030,676)	9,573,929
Plan fiduciary net position, beginning	80,706,381	74,398,767	84,429,443	74,855,514
Plan fiduciary net position, ending (b)	84,950,337	80,706,381	74,398,767	84,429,443
City's net pension liability, ending (a)-(b)	$ 48,981,375	$ 49,090,991	$ 48,698,203	$ 37,669,831
Plan fiduciary net position as a percentage of the total pension liability	63.4%	62.2%	60.4%	69.1%
Covered payroll	$ 11,901,669	$ 11,201,084	$ 10,486,885	$ 10,865,211
City's net pension liability as a percentage of covered payroll	411.6%	438.3%	464.4%	346.7%

See notes to required supplementary information.

Year Ended June 30,					
2021	2020	2019	2018	2017	2016
$ 1,177,587	$ 1,197,540	$ 1,225,434	$ 1,255,498	$ 1,279,328	$ 1,402,754
7,991,416	7,897,801	7,788,580	7,586,392	7,325,066	6,983,009
-	-	-	-	-	23,615
365,639	617,296	(1,404,136)	(366,993)	248,579	301,433
3,299,601	3,298,884	-	-	-	3,305,619
(6,738,163)	(6,409,461)	(6,051,911)	(5,813,104)	(5,335,884)	(4,731,967)
6,096,080	6,602,060	1,557,967	2,661,793	3,517,089	7,284,463
107,930,517	101,328,457	99,770,490	97,108,697	93,591,608	86,307,145
114,026,597	107,930,517	101,328,457	99,770,490	97,108,697	93,591,608
4,245,191	4,359,997	4,389,615	3,725,305	3,115,902	3,024,626
495,015	520,863	528,872	558,097	602,714	652,652
8,618,891	8,323,727	(2,592,555)	7,797,188	6,176,312	(898,140)
(6,738,163)	(6,409,461)	(6,051,911)	(5,813,104)	(5,335,884)	(4,731,967)
(136,616)	(143,529)	(126,495)	(123,263)	(122,174)	(124,928)
6,484,318	6,651,597	(3,852,474)	6,144,223	4,436,870	(2,077,757)
68,371,196	61,719,599	65,572,073	59,427,850	54,990,980	57,068,737
74,855,514	68,371,196	61,719,599	65,572,073	59,427,850	54,990,980
$ 39,171,083	$ 39,559,321	$ 39,608,858	$ 34,198,417	$ 37,680,847	$ 38,600,628
65.6%	63.3%	60.9%	65.7%	61.2%	58.8%
$ 10,519,199	$ 10,574,181	$ 10,645,669	$ 10,616,668	$ 10,614,530	$ 11,371,927
372.4%	374.1%	372.1%	322.1%	355.0%	339.4%

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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 Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2025	$ 5,619,684	$ 5,818,886	$ 199,202	$ 12,554,362	46.3%
6/30/2024	5,344,188	5,556,523	212,335	12,111,684	45.9%
6/30/2023	5,494,020	5,518,963	24,943	11,360,424	48.6%
6/30/2022	5,029,860	5,083,057	53,197	11,057,881	46.0%
6/30/2021	4,252,968	4,886,819	633,851	12,095,482	40.4%
6/30/2020	4,388,425	4,388,425	-	11,078,798	39.6%
6/30/2019	3,963,525	4,273,525	310,000	11,316,209	37.8%
6/30/2018	3,769,303	4,219,303	450,000	12,710,865	33.2%
6/30/2017	3,137,158	3,137,158	-	11,360,375	27.6%
6/30/2016	3,054,597	3,054,597	-	12,074,423	25.3%

See notes to required supplementary information.

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,			
	2025	2024	2023	2022
Total other postemployment benefit liability				
Service cost	$ 257,383	$ 243,558	$ 333,568	$ 320,367
Interest	1,924,466	2,047,878	1,975,959	2,069,304
Differences between expected and actual experience	152,955	(4,619,075)	223,097	(5,422,973)
Changes in assumptions	-	2,052,164	-	3,011,009
Benefit payments, including refunds of member contributions	(1,510,416)	(1,478,520)	(1,441,898)	(1,193,717)
Net change in total other postemployment benefit liability	824,388	(1,753,995)	1,090,726	(1,216,010)
Total other postemployment benefit liability, beginning	28,118,885	29,872,880	28,782,154	29,998,164
Total other postemployment benefit liability, ending (a)	28,943,273	28,118,885	29,872,880	28,782,154
Plan fiduciary net position				
Contributions - employer	81,097	84,252	114,329	117,308
Net investment income (loss)	3,140,973	4,166,533	2,958,462	(6,123,365)
Benefit payments, including refunds of member contributions	(1,510,416)	(1,478,520)	(1,441,898)	(1,193,717)
Administrative expense	(18,750)	(6,500)	(17,900)	(6,500)
Other	-	-	-	-
Net change in plan fiduciary net position	1,692,904	2,765,765	1,612,993	(7,206,274)
Plan fiduciary net position, beginning	36,740,671	33,974,906	32,361,913	39,568,187
Plan fiduciary net position, ending (b)	38,433,575	36,740,671	33,974,906	32,361,913
City's net other postemployment benefit liability (asset), ending (a)-(b)	$ (9,490,302)	$ (8,621,786)	$ (4,102,026)	$ (3,579,759)
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	132.79%	130.66%	113.73%	112.44%
Covered payroll	$ 7,921,005	$ 8,446,103	$ 9,047,472	$ 8,862,466
City's net other postemployment benefit liability (asset) as a percentage of covered payroll	-119.81%	-102.08%	-45.34%	-40.39%

See notes to required supplementary information.

Year Ended June 30,				
2021	2020	2019	2018	2017
$ 360,278	$ 359,236	$ 416,798	$ 372,847	$ 440,432
1,996,301	2,117,673	2,017,676	2,136,783	2,030,554
(217,034)	(3,397,416)	(15,504)	(4,022,732)	(86,522)
-	1,222,422	-	1,819,912	-
(959,652)	(1,026,609)	(995,230)	(983,213)	(885,353)
1,179,893	(724,694)	1,423,740	(676,403)	1,499,111
28,818,271	29,542,965	28,119,225	28,795,628	27,296,517
29,998,164	28,818,271	29,542,965	28,119,225	28,795,628
73,750	315,689	363,994	647,350	617,207
9,140,709	1,222,103	2,224,284	2,845,010	3,399,591
(959,652)	(1,026,609)	(995,230)	(983,213)	(885,353)
(9,000)	(20,774)	(293,630)	(293,400)	(245,933)
-	-	1,397	244	-
8,245,807	490,409	1,300,815	2,215,991	2,885,512
31,322,380	30,831,971	29,531,156	27,315,165	24,429,653
39,568,187	31,322,380	30,831,971	29,531,156	27,315,165
$ (9,570,023)	$ (2,504,109)	$ (1,289,006)	$ (1,411,931)	$ 1,480,463
131.90%	108.69%	104.36%	105.02%	94.86%
$ 8,785,682	$ 9,388,956	$ 10,505,955	$ 10,800,824	$ 10,711,843
-108.93%	-26.67%	-12.27%	-13.07%	13.82%

CITY OF NOVI, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits Plan
Schedule of City Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2025	$ -	$ 81,097	$ 81,097	$ 7,921,005	1.0%
6/30/2024	-	84,252	84,252	8,446,103	1.0%
6/30/2023	-	114,329	114,329	9,047,472	1.3%
6/30/2022	34,487	117,308	82,821	8,862,466	1.3%
6/30/2021	36,952	73,750	36,798	8,785,682	0.8%
6/30/2020	277,238	315,689	38,451	9,388,956	3.4%
6/30/2019	277,674	363,994	86,320	10,505,955	3.5%
6/30/2018	613,678	647,350	33,672	10,800,824	6.0%
6/30/2017	617,207	617,207	-	10,711,843	5.8%

See notes to required supplementary information.

Required Supplementary Information

Retiree Healthcare Benefits Plan
Schedule of Investment Returns

Fiscal Year Ended	Annual Money-Weighted Rate of Return, net of Investment Expense
6/30/2025	1.28%
6/30/2024	12.03%
6/30/2023	9.77%
6/30/2022	-14.36%
6/30/2021	27.21%
6/30/2020	3.35%
6/30/2019	6.81%
6/30/2018	8.99%
6/30/2017	12.20%

See notes to required supplementary information.

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

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

The significant changes in benefit terms for the year ended June 30, 2016 were as follows:
- Employee contributions for the Fire Local 3232 employees decreased from 8.83% to 6.33%.

The significant changes in assumptions for the year ended June 30, 2016 were as follows:
- The mortality table was adjusted to reflect longer lifetimes.
- The assumed annual rate of investment return, net of all expenses, was lowered from 8% to 7.75%.
- The asset smoothing was changed from 10 to 5 years.
- The amortization period was moved to a fixed period amortization for the December 31, 2014 annual valuations.

The significant changes in assumptions for the year ended June 30, 2020 were as follows:
- The investment rate of return assumption decreased from 7.75% to 7.35%.
- The assumed rate of wage inflation decreased from 3.75% to 3.00%.

The significant changes in assumptions for the year ended June 30, 2021 were as follows:
- There were updates to demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

The significant changes in assumptions for the year ended June 30, 2022 were as follows:
- The assumed rate of return decreased from 7.35% to 7.00%.

The significant changes in assumptions for the year ended June 30, 2024 were as follows:
- The assumed rate of return decreased from 7.00% to 6.93%.

The significant changes in assumptions for the year ended June 30, 2025 were as follows:
- There were updates to demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, and termination rates.

Notes to Required Supplementary Information

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates (2025, based on the 12/31/2022 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	16 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	• Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120 • Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120 • Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

Notes to Required Supplementary Information

Retiree Healthcare Benefits Plan

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

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

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

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

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

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

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

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

The June 30, 2024 changes in assumptions are due to the following:

- Updating the health care cost trend rates.

Notes to Required Supplementary Information

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates (2025, based on the 6/30/2023 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	14 years, closed
Asset valuation method	5-year smoothed fair value
Price inflation	2.5%
Salary increases	3.0% to 9.7%, including 3.0% wage inflation
Investment rate of return	7.0%, net of OPEB plan investment expense
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	**Pre-Retirement Mortality:** Sex distinct Pub-2010 General Employees tables without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. Ninety percent (90%) of active member deaths are assumed to be non-duty deaths and 10% of the deaths are assumed to be duty related. **Healthy Post-Retirement Mortality:** Sex distinct Pub-2010 General Healthy Retiree tables scaled by a factor of 106%. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. **Disability Retirement Mortality:** Sex distinct PubNS-2010 Disabled tables without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries.
Healthcare cost trend rate	Non-Medicare (Pre-65): Initial trend of 7.25%, gradually decreasing to 3.50% in year 15 Medicare (post-65): Initial trend of 6.50%, gradually decreasing to 3.50% in year 15
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	$ 29,706,644	$ 29,745,470	$ 29,752,256	$ 6,786
Trailer fees	12,500	11,174	11,174	-
Penalties and interest	235,000	214,625	188,310	(26,315)
Licenses, permits, and charges for services	3,560,766	3,557,306	3,622,258	64,952
Intergovernmental:				
Federal grants	153,000	153,000	110,410	(42,590)
State-shared revenue and grants	7,734,386	7,938,731	7,971,625	32,894
Fines and forfeitures	325,000	325,000	279,708	(45,292)
Investment income	631,112	2,041,792	1,926,046	(115,746)
Other:				
Local donations	-	9,900	9,900	-
Miscellaneous	828,120	924,870	949,179	24,309
Total revenues	43,186,528	44,921,868	44,820,866	(101,002)
Expenditures				
Current:				
General government:				
City council:				
Personnel services	36,093	36,093	36,093	-
Supplies	200	225	204	(21)
Other services and charges	27,702	209,677	127,580	(82,097)
Total city council	63,995	245,995	163,877	(82,118)
City manager:				
Personnel services	678,373	692,432	692,428	(4)
Supplies	1,500	2,853	2,853	-
Other services and charges	116,201	87,850	87,847	(3)
Total city manager	796,074	783,135	783,128	(7)
Financial services:				
Finance:				
Personnel services	950,429	950,161	950,152	(9)
Supplies	9,500	10,261	10,260	(1)
Other services and charges	99,580	96,264	96,262	(2)
Total finance	1,059,509	1,056,686	1,056,674	(12)
Treasury:				
Personnel services	374,043	409,876	409,869	(7)
Supplies	33,000	32,849	32,849	-
Other services and charges	47,720	37,556	37,555	(1)
Total treasury	454,763	480,281	480,273	(8)
Total financial services:	1,514,272	1,536,967	1,536,947	(20)

continued…

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (continued):				
City clerk:				
Personnel services	$ 712,976	$ 717,039	$ 717,034	$ (5)
Supplies	90,000	110,617	110,615	(2)
Other services and charges	297,403	263,217	263,215	(2)
Capital outlay	-	12,194	12,194	-
Total city clerk	1,100,379	1,103,067	1,103,058	(9)
Assessing:				
Personnel services	654,671	681,791	681,784	(7)
Supplies	19,500	18,450	18,447	(3)
Other services and charges	192,750	190,292	190,313	21
Total assessing	866,921	890,533	890,544	11
City attorney, insurance, and claims:				
Other services and charges	797,200	794,772	800,543	5,771
Capital outlay	40,000	5,328	5,327	(1)
Total city attorney, insurance, and claims	837,200	800,100	805,870	5,770
Integrated solutions:				
Technology:				
Personnel services	968,277	1,006,701	1,006,699	(2)
Supplies	102,700	62,100	62,098	(2)
Other services and charges	496,410	430,796	413,381	(17,415)
Capital outlay	13,630	14,275	14,275	-
Total integrated solutions	1,581,017	1,513,872	1,496,453	(17,419)
Facility management:				
Personnel services	436,733	433,694	433,689	(5)
Supplies	26,270	31,103	25,404	(5,699)
Other services and charges	778,184	806,361	806,353	(8)
Capital outlay	345,810	320,682	308,489	(12,193)
Total facility management	1,586,997	1,591,840	1,573,935	(17,905)
Park maintenance:				
Personnel services	668,729	693,075	693,072	(3)
Supplies	45,340	43,224	43,222	(2)
Other services and charges	542,237	519,009	518,987	(22)
Capital outlay	-	104,533	81,005	(23,528)
Total park maintenance	1,256,306	1,359,841	1,336,286	(23,555)
Total integrated solutions	4,424,320	4,465,553	4,406,674	(58,879)

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (concluded):				
Human resources:				
Personnel services	$ 533,486	$ 631,002	$ 630,999	$ (3)
Supplies	2,500	552	551	(1)
Other services and charges	215,135	151,847	151,836	(11)
Total human resources	751,121	783,401	783,386	(15)
Total general government	10,354,282	10,608,751	10,473,484	(135,267)
Public safety:				
Police:				
Personnel services	14,691,780	14,958,769	15,018,381	59,612
Supplies	419,000	399,550	399,542	(8)
Other services and charges	1,189,373	1,110,528	1,109,537	(991)
Total police	16,300,153	16,468,847	16,527,460	58,613
Fire:				
Personnel services	6,266,402	6,873,810	6,954,628	80,818
Supplies	191,500	348,128	348,120	(8)
Other services and charges	741,424	895,588	895,465	(123)
Capital outlay	-	4,665	4,665	-
Total fire	7,199,326	8,122,191	8,202,878	80,687
Total public safety	23,499,479	24,591,038	24,730,338	139,300
Public works:				
Administration:				
Personnel services	416,984	420,819	420,813	(6)
Supplies	12,100	15,370	15,366	(4)
Other services and charges	206,578	214,789	214,780	(9)
Total administration	635,662	650,978	650,959	(19)
Engineering:				
Personnel services	618,794	699,477	699,472	(5)
Supplies	2,000	1,309	1,310	1
Other services and charges	83,643	89,915	89,912	(3)
Allocated to other funds	(371,780)	(371,780)	(371,784)	(4)
Total engineering	332,657	418,921	418,910	(11)
Field operations:				
Personnel services	2,150,327	2,327,629	2,327,623	(6)
Supplies	154,500	170,839	170,835	(4)
Other services and charges	787,001	833,540	833,536	(4)
Allocated to other funds	(1,450,000)	(1,783,092)	(1,783,092)	-
Capital outlay	621,048	431,190	221,219	(209,971)
Total field operations	2,262,876	1,980,106	1,770,121	(209,985)

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public works (concluded):				
Fleet asset:				
Personnel services	$ 477,686	$ 568,371	$ 568,367	$ (4)
Supplies	26,000	27,276	27,275	(1)
Other services and charges	349,449	652,466	652,188	(278)
Allocated to other funds	(100,000)	(85,935)	(85,935)	-
Capital outlay	419,298	394,480	151,349	(243,131)
Total fleet asset	1,172,433	1,556,658	1,313,244	(243,414)
Total public works	4,403,628	4,606,663	4,153,234	(453,429)
Community and economic development:				
Community development:				
Building:				
Personnel services	1,844,235	2,052,584	2,052,569	(15)
Supplies	37,200	16,552	16,551	(1)
Other services and charges	214,960	198,238	196,924	(1,314)
Capital outlay	-	9,262	9,262	-
Total building	2,096,395	2,276,636	2,275,306	(1,330)
Planning:				
Personnel services	647,578	647,638	647,632	(6)
Supplies	5,400	2,523	2,515	(8)
Other services and charges	87,818	92,148	95,928	3,780
Total planning	740,796	742,309	746,075	3,766
Total community development:	2,837,191	3,018,945	3,021,381	2,436
Community relations:				
Administration:				
Personnel services	408,548	456,341	456,334	(7)
Supplies	10,900	8,295	8,295	-
Other services and charges	352,032	352,293	325,312	(26,981)
Capital outlay	20,000	20,000	-	(20,000)
Total administration	791,480	836,929	789,941	(46,988)
Studio 6:				
Personnel services	218,178	215,520	215,514	(6)
Supplies	5,000	1,275	1,275	-
Other services and charges	45,458	24,470	22,205	(2,265)
Total studio 6	268,636	241,265	238,994	(2,271)
Total community relations	1,060,116	1,078,194	1,028,935	(49,259)

continued...

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Community and economic development (concluded):				
Economic development:				
Personnel services	$ 29,084	$ -	$ -	$ -
Other services and charges	43,794	-	-	-
Total economic development	72,878	-	-	-
Total community and economic development	3,970,185	4,097,139	4,050,316	(46,823)
Recreation and culture:				
Youth assistance:				
Personnel services	26,943	25,343	24,209	(1,134)
Supplies	3,200	1,500	982	(518)
Total youth assistance	30,143	26,843	25,191	(1,652)
Historical commission -				
Other services and charges	8,700	22,300	22,292	(8)
Total recreation and culture	38,843	49,143	47,483	(1,660)
Debt service:				
Principal	-	55,132	70,098	14,966
Interest and fiscal charges	-	4,526	6,970	2,444
Total debt service	-	59,658	77,068	17,410
Total expenditures	42,266,417	44,012,392	43,531,923	(480,469)
Revenues over (under) expenditures	920,111	909,476	1,288,943	379,467
Other financing uses				
Transfers out	(175,000)	(347,000)	(347,000)	-
Net change in fund balance	745,111	562,476	941,943	379,467
Fund balance, beginning of year	11,413,640	12,084,391	12,084,391	-
Fund balance, end of year	$ 12,158,751	$ 12,646,867	$ 13,026,334	$ 379,467

concluded.

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Major Street Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal grants	$ -	$ 8,016	$ 38,076	$ 30,060
State-shared revenue and grants -				
Gas and weight tax	6,220,038	6,374,322	6,516,434	142,112
Other grants	-	249,924	124,962	(124,962)
Investment income	76,251	125,027	273,037	148,010
Total revenues	6,296,289	6,757,289	6,952,509	195,220
Expenditures				
Current -				
Public works:				
Other services and charges	1,729,215	1,948,020	1,661,680	(286,340)
Capital outlay	7,609,074	12,770,735	7,514,004	(5,256,731)
Total expenditures	9,338,289	14,718,755	9,175,684	(5,543,071)
Revenues over (under) expenditures	(3,042,000)	(7,961,466)	(2,223,175)	5,738,291
Other financing sources				
Transfers in	2,806,000	2,075,106	-	(2,075,106)
Net change in fund balance	(236,000)	(5,886,360)	(2,223,175)	3,663,185
Fund balance, beginning of year	1,175,345	7,360,704	7,360,704	-
Fund balance, end of year	$ 939,345	$ 1,474,344	$ 5,137,529	$ 3,663,185

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 4,613,359	$ 4,617,408	$ 4,637,002	$ 19,594
Intergovernmental -				
State-shared revenue and grants	-	33,535	33,534	(1)
Investment income	3,641	3,641	579	(3,062)
Other -				
Local donations	400,000	347,431	347,431	-
Total revenues	5,017,000	5,002,015	5,018,546	16,531
Expenditures				
Current:				
General government:				
Other services and charges	1,000	777	777	-
Capital outlay	-	277,169	277,165	(4)
Total general government	1,000	277,946	277,942	(4)
Public safety -				
Capital outlay	-	2,370,060	144,045	(2,226,015)
Recreation and culture -				
Capital outlay	-	781,296	695,474	(85,822)
Debt service -				
Interest and fiscal charges	206,000	206,000	170,774	(35,226)
Total expenditures	207,000	3,635,302	1,288,235	(2,347,067)
Net change in fund balance	4,810,000	1,366,713	3,730,311	2,363,598
Fund balance (deficit), beginning of year	(12,818,643)	(9,051,104)	(9,051,104)	-
Fund balance (deficit), end of year	$ (8,008,643)	$ (7,684,391)	$ (5,320,793)	$ 2,363,598

CITY OF NOVI, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Assets					
Cash and investments	$ 1,364,265	$ 436,878	$ 63,827	$ 26,818	$ 1,891,788
Investments	19,731,622	435,798	6,246,705	7,387,651	33,801,776
Receivables:					
Other	567,525	-	29,225	-	596,750
Due from other governments	369,448	581	-	-	370,029
Advances to other governments	2,375	-	-	-	2,375
Advances to component units	-	-	1,561,862	-	1,561,862
Prepaid items and other assets	42,156	500	20,657	-	63,313
Total assets	$ 22,077,391	$ 873,757	$ 7,922,276	$ 7,414,469	$ 38,287,893
Liabilities					
Accounts payable	$ 2,434,405	$ -	$ -	$ -	$ 2,434,405
Accrued salaries and wages	121,242	-	-	-	121,242
Other accrued liabilities	343,720	5,501	-	-	349,221
Refundable deposits	8,150	-	-	-	8,150
Unearned revenue	15,200	-	-	-	15,200
Due to other funds	2,531	-	-	-	2,531
Total liabilities	2,925,248	5,501	-	-	2,930,749
Deferred inflows of resources					
Unavailable revenue - grants	9,023	-	-	-	9,023
Unavailable revenue - other	333,798	-	-	-	333,798
Total deferred inflows of resources	342,821	-	-	-	342,821
Fund balances					
Nonspendable:					
Prepaids	42,156	500	20,657	-	63,313
Perpetual drain maintenance	-	-	-	7,414,469	7,414,469
Restricted:					
Roads	10,370,038	-	-	-	10,370,038
Public safety	386,964	-	720,891	-	1,107,855
Debt service	-	867,756	-	-	867,756
Infrastructure improvements	-	-	6,833,728	-	6,833,728
Parks, recreation, and cultural services	1,476,330	-	-	-	1,476,330
Library	4,142,830	-	-	-	4,142,830
Stormwater systems	708,077	-	-	-	708,077
Tree replacement and maintenance	1,602,628	-	-	-	1,602,628
Rubbish collection	1,204	-	-	-	1,204
Street lighting improvement	88,118	-	-	-	88,118
Committed -					
Infrastructure improvements	-	-	347,000	-	347,000
Unassigned (deficit)	(9,023)	-	-	-	(9,023)
Total fund balances	18,809,322	868,256	7,922,276	7,414,469	35,014,323
Total liabilities, deferred inflows of resources and fund balances	$ 22,077,391	$ 873,757	$ 7,922,276	$ 7,414,469	$ 38,287,893

CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Revenues					
Property taxes	$ 15,240,344	$ 1,699,863	$ -	$ -	$ 16,940,207
Special assessments	27,300	-	-	-	27,300
Licenses, permits, and charges for services	2,490,815	-	338,595	-	2,829,410
Intergovernmental:					
Federal grants	199,845	-	-	-	199,845
State-shared revenue and grants	2,708,264	12,234	-	-	2,720,498
Other grants	158,876	-	-	-	158,876
Fines and forfeitures	194,954	-	-	-	194,954
Investment income	1,059,702	10,107	396,504	363,526	1,829,839
Other:					
Local donations	96,069	-	-	-	96,069
Recreational programs	2,006,130	-	-	-	2,006,130
Tap-in fees	-	-	-	6,096	6,096
Miscellaneous	555,678	-	-	-	555,678
Total revenues	24,737,977	1,722,204	735,099	369,622	27,564,902
Expenditures					
Current:					
General government	-	-	34,155	-	34,155
Public safety	240,214	-	904,362	-	1,144,576
Public works	13,424,624	-	556,515	-	13,981,139
Community and economic development	81,135	-	196,433	-	277,568
Recreation and culture	7,807,457	389	1,211	-	7,809,057
Debt service:					
Principal	-	1,295,000	-	-	1,295,000
Interest and fiscal charges	-	122,200	-	-	122,200
Total expenditures	21,553,430	1,417,589	1,692,676	-	24,663,695
Revenues over (under) expenditures	3,184,547	304,615	(957,577)	369,622	2,901,207
Other financing sources (uses)					
Transfers in	2,066,000	-	347,000	-	2,413,000
Transfers out	(2,066,000)	-	-	-	(2,066,000)
Total other financing sources (uses)	-	-	347,000	-	347,000
Net change in fund balances	3,184,547	304,615	(610,577)	369,622	3,248,207
Fund balances, beginning of year, as previously reported	22,985,479	563,641	8,532,853	7,044,847	39,126,820
Change within financial reporting entity	(7,360,704)	-	-	-	(7,360,704)
Fund balances, beginning of year, as adjusted	15,624,775	563,641	8,532,853	7,044,847	31,766,116
Fund balances, end of year	$ 18,809,322	$ 868,256	$ 7,922,276	$ 7,414,469	$ 35,014,323

Nonmajor Special Revenue Funds

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

Local Street Fund - This fund is used to account for expenditures associated with the construction and maintenance needs of the local street portion (as defined by State Act 51) of the City's street network. Of the 195.69 total centerline miles that make up the City of Novi road network, the City has 149.78 centerline miles of local streets. Financing is primarily provided by the City's share of state gas and weight taxes.

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

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

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

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

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

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

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

Nonmajor Special Revenue Funds

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

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

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

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

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

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

CLEMIS-Crash & Citation Revenue Sharing Fund - This revenue sharing money is generated by the Novi Police Department's participation in the CLEMIS e-Commerce site for payment of CLEMIS Crash Reports and/or CLEMIS Citations. These funds are intended for use by the police agency for law enforcement costs at the discretion of the Chief of Police.

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CITY OF NOVI, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2025

	Local Street	Municipal Streets	Parks, Recreation, and Cultural Services	Tree
Assets				
Cash and cash equivalents	$ 589,829	$ -	$ 90,339	$ 58,672
Investments	1,067,654	10,080,527	1,584,759	1,675,480
Receivables:				
Other	-	-	42,122	-
Due from other governments	357,569	-	610	-
Advances to other governments	-	2,375	-	-
Prepaid items and other assets	-	12,280	14,503	-
Total assets	$ 2,015,052	$ 10,095,182	$ 1,732,333	$ 1,734,152
Liabilities				
Accounts payable	$ 1,356,354	$ 86,369	$ 157,131	$ 83,260
Accrued salaries and wages	-	-	61,529	1,837
Other accrued liabilities	-	285,193	5,800	31,227
Refundable deposits	-	-	8,150	-
Unearned revenue	-	-	-	15,200
Due to other funds	-	-	-	-
Total liabilities	1,356,354	371,562	232,610	131,524
Deferred inflows of resources				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - other	-	-	8,890	-
Total deferred inflows of resources	-	-	8,890	-
Fund balances				
Nonspendable for prepaids	-	12,280	14,503	-
Restricted:				
Roads	658,698	9,711,340	-	-
Public safety	-	-	-	-
Parks, recreation, and cultural services	-	-	1,476,330	-
Library	-	-	-	-
Stormwater systems	-	-	-	-
Tree replacement and maintenance	-	-	-	1,602,628
Rubbish collection	-	-	-	-
Street lighting improvement	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	658,698	9,723,620	1,490,833	1,602,628
Total liabilities, deferred inflows of resources and fund balances	$ 2,015,052	$ 10,095,182	$ 1,732,333	$ 1,734,152

Drain Revenue	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection
$ 316,212	$ -	$ 52,595	$ 7,718	$ 7,140	$ -
875,719	-	-	2,642,113	1,624,113	181,257
-	-	-	-	13,313	3,884
1,024	9,023	-	1,222	-	-
-	-	-	-	-	-
12,223	-	-	3,150	-	-
$ 1,205,178	$ 9,023	$ 52,595	$ 2,654,203	$ 1,644,566	$ 185,141
$ 475,078	$ 6,492	$ 131	$ 81,395	$ 1,818	$ 183,937
-	-	-	57,876	-	-
9,800	-	-	11,700	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,531	-	-	-	-
484,878	9,023	131	150,971	1,818	183,937
-	9,023	-	-	-	-
-	-	-	-	-	-
-	9,023	-	-	-	-
12,223	-	-	3,150	-	-
-	-	-	-	-	-
-	-	52,464	-	-	-
-	-	-	-	-	-
-	-	-	2,500,082	1,642,748	-
708,077	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,204
-	-	-	-	-	-
-	(9,023)	-	-	-	-
720,300	(9,023)	52,464	2,503,232	1,642,748	1,204
$ 1,205,178	$ 9,023	$ 52,595	$ 2,654,203	$ 1,644,566	$ 185,141

continued...

CITY OF NOVI, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2025

	West Oak Street Lighting	West Lake Drive Street Lighting	Town Center Street Lighting	Opioid Settlement
Assets				
Cash and cash equivalents	$ 53,213	$ 4,605	$ 32,740	$ 151,202
Investments	-	-	-	-
Receivables:				
Other	-	-	-	324,908
Due from other governments	-	-	-	-
Advances to other governments	-	-	-	-
Prepaid items and other assets	-	-	-	-
Total assets	$ 53,213	$ 4,605	$ 32,740	$ 476,110
Liabilities				
Accounts payable	$ 429	$ 263	$ 1,748	$ -
Accrued salaries and wages	-	-	-	-
Other accrued liabilities	-	-	-	-
Refundable deposits	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	429	263	1,748	-
Deferred inflows of resources				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - other	-	-	-	324,908
Total deferred inflows of resources	-	-	-	324,908
Fund balances				
Nonspendable for prepaids	-	-	-	-
Restricted:				
Roads	-	-	-	-
Public safety	-	-	-	151,202
Parks, recreation, and cultural services	-	-	-	-
Library	-	-	-	-
Stormwater systems	-	-	-	-
Tree replacement and maintenance	-	-	-	-
Rubbish collection	-	-	-	-
Street lighting improvement	52,784	4,342	30,992	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	52,784	4,342	30,992	151,202
Total liabilities, deferred inflows of resources and fund balances	$ 53,213	$ 4,605	$ 32,740	$ 476,110

CLEMIS-Crash & Citation Revenue Sharing	Total
$ -	$ 1,364,265
-	19,731,622
183,298	567,525
-	369,448
-	2,375
-	42,156
$ 183,298	$ 22,077,391
$ -	$ 2,434,405
-	121,242
-	343,720
-	8,150
-	15,200
-	2,531
-	2,925,248
-	9,023
-	333,798
-	342,821
-	42,156
-	10,370,038
183,298	386,964
-	1,476,330
-	4,142,830
-	708,077
-	1,602,628
-	1,204
-	88,118
-	(9,023)
183,298	18,809,322
$ 183,298	$ 22,077,391

concluded.

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, 2025

	(Formerly Nonmajor Fund) Major Street	Local Street	Municipal Streets	Parks, Recreation, and Cultural Services	Tree
Revenues					
Property taxes		$ -	$ 6,919,836	$ 1,778,070	$ -
Special assessments		-	-	-	-
Licenses, permits, and charges for services		-	120,764	-	-
Intergovernmental:					
Federal grants		-	-	-	-
State-shared revenue and grants		2,243,251	334,920	12,858	-
Other grants		-	158,876	-	-
Fines and forfeitures		-	-	-	-
Investment income		95,938	457,047	81,742	90,913
Other:					
Local donations		-	-	4,457	-
Recreational programs		-	-	2,006,130	-
Miscellaneous		-	31,048	75,641	268,557
Total revenues		2,339,189	8,022,491	3,958,898	359,470
Expenditures					
Current:					
Public safety		-	-	-	-
Public works		6,575,547	1,757,193	-	513,313
Community and economic development		-	-	-	-
Recreation and culture		-	-	3,532,653	-
Total expenditures		6,575,547	1,757,193	3,532,653	513,313
Revenues over (under) expenditures		(4,236,358)	6,265,298	426,245	(153,843)
Other financing sources (uses)					
Transfers in		2,066,000	-	-	-
Transfers out		-	(2,066,000)	-	-
Total other financing sources (uses)		2,066,000	(2,066,000)	-	-
Net change in fund balances		(2,170,358)	4,199,298	426,245	(153,843)
Fund balances (deficits), beginning of year, as previously reported	$ 7,360,704	2,829,056	5,524,322	1,064,588	1,756,471
Change within financial reporting entity	(7,360,704)	-	-	-	-
Fund balances (deficits), beginning of year, as adjusted	$ -	2,829,056	5,524,322	1,064,588	1,756,471
Fund balances (deficits), end of year		$ 658,698	$ 9,723,620	$ 1,490,833	$ 1,602,628

Drain Revenue	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection
$ 2,982,882	$ -	$ -	$ 3,559,556	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	2,186,753
-	98,393	101,452	-	-	-
21,547	-	-	95,688	-	-
-	-	-	-	-	-
-	-	94,869	100,085	-	-
64,910	-	-	181,502	83,142	4,508
-	-	-	20,135	71,477	-
-	-	-	-	-	-
10,203	-	70,837	68,579	-	-
3,079,542	98,393	267,158	4,025,545	154,619	2,191,261
-	-	240,214	-	-	-
2,359,242	-	-	-	-	2,190,057
-	81,135	-	-	-	-
-	-	-	4,118,982	155,822	-
2,359,242	81,135	240,214	4,118,982	155,822	2,190,057
720,300	17,258	26,944	(93,437)	(1,203)	1,204
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
720,300	17,258	26,944	(93,437)	(1,203)	1,204
-	(26,281)	25,520	2,596,669	1,643,951	-
-	-	-	-	-	-
-	(26,281)	25,520	2,596,669	1,643,951	-
$ 720,300	$ (9,023)	$ 52,464	$ 2,503,232	$ 1,642,748	$ 1,204

continued...

CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2025

	West Oak Street Lighting	West Lake Drive Street Lighting	Town Center Street Lighting	Opioid Settlement
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Special assessments	4,000	3,300	20,000	-
Licenses, permits, and charges for services	-	-	-	-
Intergovernmental:				
Federal grants	-	-	-	-
State-shared revenue and grants	-	-	-	-
Other grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other:				
Local donations	-	-	-	-
Recreational programs	-	-	-	-
Miscellaneous	-	-	-	30,813
Total revenues	4,000	3,300	20,000	30,813
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	5,145	3,157	20,970	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Total expenditures	5,145	3,157	20,970	-
Revenues over (under) expenditures	(1,145)	143	(970)	30,813
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1,145)	143	(970)	30,813
Fund balances (deficits), beginning of year, as previously reported	53,929	4,199	31,962	120,389
Change within financial reporting entity	-	-	-	-
Fund balances (deficits), beginning of year, as adjusted	53,929	4,199	31,962	120,389
Fund balances (deficits), end of year	$ 52,784	$ 4,342	$ 30,992	$ 151,202

CLEMIS-Crash & Citation Revenue Sharing	Total
$ -	$ 15,240,344
-	27,300
183,298	2,490,815
-	199,845
-	2,708,264
-	158,876
-	194,954
-	1,059,702
-	96,069
-	2,006,130
-	555,678
183,298	24,737,977
-	240,214
-	13,424,624
-	81,135
-	7,807,457
-	21,553,430
183,298	3,184,547
-	2,066,000
-	(2,066,000)
-	-
183,298	3,184,547
-	22,985,479
-	(7,360,704)
-	15,624,775
$ 183,298	$ 18,809,322

concluded.

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Street Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State-shared revenue and grants -				
Gas and weight tax	$ 2,140,228	$ 2,197,311	$ 2,243,251	$ 45,940
Investment income	28,547	56,464	95,938	39,474
Total revenues	2,168,775	2,253,775	2,339,189	85,414
Expenditures				
Current -				
Public works:				
Other services and charges	2,907,765	2,957,650	2,139,787	(817,863)
Capital outlay	4,675,010	6,699,010	4,435,760	(2,263,250)
Total expenditures	7,582,775	9,656,660	6,575,547	(3,081,113)
Revenues under expenditures	(5,414,000)	(7,402,885)	(4,236,358)	3,166,527
Other financing sources				
Transfers in	5,418,000	5,503,000	2,066,000	(3,437,000)
Net change in fund balance	4,000	(1,899,885)	(2,170,358)	(270,473)
Fund balance, beginning of year	755,169	2,829,056	2,829,056	-
Fund balance, end of year	$ 759,169	$ 929,171	$ 658,698	$ (270,473)

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 6,963,067	$ 6,963,067	$ 6,919,836	$ (43,231)
Licenses, permits, and charges for services	20,000	20,000	120,764	100,764
Intergovernmental:				
State-shared revenue and grants	316,000	316,000	334,920	18,920
Other grants	150,000	150,000	158,876	8,876
Investment income	99,163	212,163	457,047	244,884
Other -				
Miscellaneous	-	-	31,048	31,048
Total revenues	7,548,230	7,661,230	8,022,491	361,261
Expenditures				
Current -				
Public works:				
Other services and charges	684,700	688,102	595,042	(93,060)
Capital outlay	548,530	2,828,462	1,162,151	(1,666,311)
Total expenditures	1,233,230	3,516,564	1,757,193	(1,759,371)
Revenues over (under) expenditures	6,315,000	4,144,666	6,265,298	2,120,632
Other financing uses				
Transfers out	(8,224,000)	(7,578,106)	(2,066,000)	(5,512,106)
Net change in fund balance	(1,909,000)	(3,433,440)	4,199,298	7,632,738
Fund balance, beginning of year	3,215,166	5,524,322	5,524,322	-
Fund balance, end of year	$ 1,306,166	$ 2,090,882	$ 9,723,620	$ 7,632,738

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 1,771,762	$ 1,771,762	$ 1,778,070	$ 6,308
Intergovernmental -				
State-shared revenue and grants	8,000	12,860	12,858	(2)
Investment income	35,253	40,968	81,742	40,774
Other:				
Local donations	500	16,965	4,457	(12,508)
Recreational programs	1,787,370	1,940,580	2,006,130	65,550
Miscellaneous	1,000	76,120	75,641	(479)
Total revenues	3,603,885	3,859,255	3,958,898	99,643
Expenditures				
Current -				
Recreation and culture:				
Personnel services	1,516,426	1,678,553	1,678,504	(49)
Supplies	90,250	47,707	47,208	(499)
Other services and charges	1,615,599	1,617,806	1,651,932	34,126
Capital outlay	536,610	668,095	155,009	(513,086)
Total expenditures	3,758,885	4,012,161	3,532,653	(479,508)
Revenues over (under) expenditures	(155,000)	(152,906)	426,245	579,151
Other financing sources				
Transfers in	25,000	-	-	-
Net change in fund balance	(130,000)	(152,906)	426,245	579,151
Fund balance, beginning of year	750,139	1,064,588	1,064,588	-
Fund balance, end of year	$ 620,139	$ 911,682	$ 1,490,833	$ 579,151

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	$ 71,471	$ 71,471	$ 90,913	$ 19,442
Other -				
Miscellaneous	315,000	315,000	268,557	(46,443)
Total revenues	386,471	386,471	359,470	(27,001)
Expenditures				
Current -				
Public works:				
Personnel services	105,563	105,658	82,770	(22,888)
Supplies	1,000	1,000	876	(124)
Other services and charges	485,848	485,753	429,667	(56,086)
Capital outlay	44,060	-	-	-
Total expenditures	636,471	592,411	513,313	(79,098)
Net change in fund balance	(250,000)	(205,940)	(153,843)	52,097
Fund balance, beginning of year	1,861,352	1,756,471	1,756,471	-
Fund balance, end of year	$ 1,611,352	$ 1,550,531	$ 1,602,628	$ 52,097

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 2,969,236	$ 2,969,236	$ 2,982,882	$ 13,646
Intergovernmental -				
State-shared revenue and grants	13,000	13,000	21,547	8,547
Investment income	25,028	25,028	64,910	39,882
Other -				
Miscellaneous	10,000	10,000	10,203	203
Total revenues	3,017,264	3,017,264	3,079,542	62,278
Expenditures				
Current -				
Public works:				
Other services and charges	1,384,693	1,856,265	1,630,636	(225,629)
Capital outlay	4,409,667	5,936,946	728,606	(5,208,340)
Total expenditures	5,794,360	7,793,211	2,359,242	(5,433,969)
Revenues over (under) expenditures	(2,777,096)	(4,775,947)	720,300	5,496,247
Other financing sources				
Transfers in	2,777,096	4,775,947	-	(4,775,947)
Net change in fund balance	-	-	720,300	720,300
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 720,300	$ 720,300

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal grants	$ 131,000	$ 157,281	$ 98,393	$ (58,888)
Expenditures				
Current -				
Community and economic development -				
Other services and charges	131,000	131,000	81,135	(49,865)
Net change in fund balance	-	26,281	17,258	(9,023)
Fund balance (deficit), beginning of year	-	(26,281)	(26,281)	-
Fund balance (deficit), end of year	$ -	$ -	$ (9,023)	$ (9,023)

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Forfeiture Special Revenue Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal grants	$ -	$ -	$ 101,452	$ 101,452
Fines and forfeitures	347,990	324,490	94,869	(229,621)
Other -				
Miscellaneous	33,000	56,500	70,837	14,337
Total revenues	380,990	380,990	267,158	(113,832)
Expenditures				
Current -				
Public safety:				
Supplies	20,000	20,000	5,527	(14,473)
Capital outlay	510,990	386,510	234,687	(151,823)
Total expenditures	530,990	406,510	240,214	(166,296)
Revenues over (under) expenditures	(150,000)	(25,520)	26,944	52,464
Other financing sources				
Transfers in	150,000	-	-	-
Net change in fund balance	-	(25,520)	26,944	52,464
Fund balance, beginning of year	-	25,520	25,520	-
Fund balance, end of year	$ -	$ -	$ 52,464	$ 52,464

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 3,547,534	$ 3,566,934	$ 3,559,556	$ (7,378)
Intergovernmental -				
State-shared revenue and grants	65,000	78,049	95,688	17,639
Fines and forfeitures	88,000	99,626	100,085	459
Investment income	54,000	132,000	181,502	49,502
Other:				
Local donations	9,500	19,956	20,135	179
Miscellaneous	44,950	64,808	68,579	3,771
Total revenues	3,808,984	3,961,373	4,025,545	64,172
Expenditures				
Current -				
Recreation and culture:				
Personnel services	2,781,800	2,762,293	2,720,354	(41,939)
Supplies	774,300	756,000	693,934	(62,066)
Other services and charges	739,450	718,541	675,419	(43,122)
Capital outlay	37,000	37,000	29,275	(7,725)
Total expenditures	4,332,550	4,273,834	4,118,982	(154,852)
Net change in fund balance	(523,566)	(312,461)	(93,437)	219,024
Fund balance, beginning of year	2,187,443	2,596,669	2,596,669	-
Fund balance, end of year	$ 1,663,877	$ 2,284,208	$ 2,503,232	$ 219,024

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	$ 22,500	$ 57,448	$ 83,142	$ 25,694
Other -				
Local donations	9,500	36,827	71,477	34,650
Total revenues	32,000	94,275	154,619	60,344
Expenditures				
Current -				
Recreation and culture:				
Supplies	8,500	24,527	21,785	(2,742)
Capital outlay	247,000	137,084	134,037	(3,047)
Total expenditures	255,500	161,611	155,822	(5,789)
Net change in fund balance	(223,500)	(67,336)	(1,203)	66,133
Fund balance, beginning of year	1,527,586	1,643,951	1,643,951	-
Fund balance, end of year	$ 1,304,086	$ 1,576,615	$ 1,642,748	$ 66,133

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	$ 2,297,000	$ 2,297,000	$ 2,186,753	$ (110,247)
Investment income	-	-	4,508	4,508
Total revenues	2,297,000	2,297,000	2,191,261	(105,739)
Expenditures				
Current -				
Public works-				
Other services and charges	2,297,000	2,297,000	2,190,057	(106,943)
Net change in fund balance	-	-	1,204	1,204
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 1,204	$ 1,204

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	$ 7,529	$ 7,529	$ 4,000	$ (3,529)
Expenditures				
Current -				
Public works -				
Other services and charges	5,229	5,229	5,145	(84)
Net change in fund balance	2,300	2,300	(1,145)	(3,445)
Fund balance, beginning of year	53,746	53,929	53,929	-
Fund balance, end of year	$ 56,046	$ 56,229	$ 52,784	$ (3,445)

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	$ 3,300	$ 3,300	$ 3,300	$ -
Expenditures				
Current -				
Public works -				
Other services and charges	3,300	3,300	3,157	(143)
Net change in fund balance	-	-	143	143
Fund balance, beginning of year	4,106	4,199	4,199	-
Fund balance, end of year	$ 4,106	$ 4,199	$ 4,342	$ 143

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	$ 25,000	$ 25,000	$ 20,000	$ (5,000)
Expenditures				
Current -				
Public works -				
Other services and charges	22,300	22,300	20,970	(1,330)
Net change in fund balance	2,700	2,700	(970)	(3,670)
Fund balance, beginning of year	31,250	31,962	31,962	-
Fund balance, end of year	$ 33,950	$ 34,662	$ 30,992	$ (3,670)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Opioid Settlement Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Other -				
Miscellaneous	$ 50,610	$ 50,610	$ 30,813	$ (19,797)
Expenditures				
Current -				
Public safety -				
Other services and charges	50,610	50,610	-	(50,610)
Net change in fund balance	-	-	30,813	30,813
Fund balance, beginning of year	-	120,389	120,389	-
Fund balance, end of year	$ -	$ 120,389	$ 151,202	$ 30,813

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - CLEMIS - Crash & Citation Revenue Sharing Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	$ -	$ -	$ 183,298	$ 183,298
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 183,298	$ 183,298

Nonmajor Debt Service Fund

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 1,695,913	$ 1,695,913	$ 1,699,863	$ 3,950
Intergovernmental -				
State-shared revenue and grants	25,000	25,000	12,234	(12,766)
Investment income	287	287	10,107	9,820
Total revenues	1,721,200	1,721,200	1,722,204	1,004
Expenditures				
Current -				
Recreation and culture -				
Other services and charges	500	500	389	(111)
Debt service:				
Principal	1,295,000	1,295,000	1,295,000	-
Interest and fiscal charges	121,700	122,200	122,200	-
Total expenditures	1,417,200	1,417,700	1,417,589	(111)
Net change in fund balance	304,000	303,500	304,615	1,115
Fund balance, beginning of year	333,146	563,641	563,641	-
Fund balance, end of year	$ 637,146	$ 867,141	$ 868,256	$ 1,115

Nonmajor Capital Projects Funds

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

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

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

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

Public Improvement Fund - The fund was established in fiscal year 2024 to set aside General Fund and Parks, Recreation and Culture Fund capital projects that were originally budgeted in the current fiscal year, but not spent during the current year. The funds will be set aside in the Public Improvement Fund until and expensed here as the project continues.

CITY OF NOVI, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
Capital Projects Funds
June 30, 2025

	Special Assessment Revolving	Gun Range Facility	PEG Cable	Public Improvement	Total
Assets					
Cash and cash equivalents	$ 37,551	$ 22,611	$ 3,665	$ -	$ 63,827
Investments	3,319,573	684,280	976,320	1,266,532	6,246,705
Receivables -					
Other	-	14,000	15,225	-	29,225
Advances to component units	1,561,862	-	-	-	1,561,862
Prepaid items and other assets	-	20,657	-	-	20,657
Total assets	$ 4,918,986	$ 741,548	$ 995,210	$ 1,266,532	$ 7,922,276
Fund balances					
Nonspendable -					
Prepaids	$ -	$ 20,657	$ -	$ -	$ 20,657
Restricted:					
Public safety	-	720,891	-	-	720,891
Infrastructure improvements	4,918,986	-	995,210	919,532	6,833,728
Committed -					
Infrastructure improvements	-	-	-	347,000	347,000
Total fund balance	$ 4,918,986	$ 741,548	$ 995,210	$ 1,266,532	$ 7,922,276

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, 2025

	Special Assessment Revolving	Gun Range Facility	PEG Cable	Public Improvement	Total
Revenues					
Licenses, permits, and charges for services	$ -	$ 126,000	$ 212,595	$ -	$ 338,595
Investment income	201,546	30,665	42,158	122,135	396,504
Total revenues	201,546	156,665	254,753	122,135	735,099
Expenditures					
Current:					
General government	-	-	-	34,155	34,155
Public safety	-	8,956	-	895,406	904,362
Public works	407	-	-	556,108	556,515
Community and economic development	-	-	47,234	149,199	196,433
Recreation and culture	-	-	-	1,211	1,211
Total expenditures	407	8,956	47,234	1,636,079	1,692,676
Revenues over (under) expenditures	201,139	147,709	207,519	(1,513,944)	(957,577)
Other financing sources					
Transfers in	-	-	-	347,000	347,000
Net change in fund balances	201,139	147,709	207,519	(1,166,944)	(610,577)
Fund balances, beginning of year	4,717,847	593,839	787,691	2,433,476	8,532,853
Fund balances, end of year	$ 4,918,986	$ 741,548	$ 995,210	$ 1,266,532	$ 7,922,276

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	$ 66,525	$ 66,525	$ 201,546	$ 135,021
Expenditures				
Current -				
Public works -				
Other services and charges	525	525	407	(118)
Net change in fund balance	66,000	66,000	201,139	135,139
Fund balance, beginning of year	4,609,761	4,717,847	4,717,847	-
Fund balance, end of year	$ 4,675,761	$ 4,783,847	$ 4,918,986	$ 135,139

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	$ 71,000	$ 113,000	$ 126,000	$ 13,000
Investment income	5,000	16,000	30,665	14,665
Total revenues	76,000	129,000	156,665	27,665
Expenditures				
Current -				
Public safety -				
Capital outlay	28,000	28,000	8,956	(19,044)
Net change in fund balance	48,000	101,000	147,709	46,709
Fund balance, beginning of year	526,378	593,839	593,839	-
Fund balance, end of year	$ 574,378	$ 694,839	$ 741,548	$ 46,709

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - PEG Cable Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	$ 305,000	$ 305,000	$ 212,595	$ (92,405)
Investment income	2,000	12,000	42,158	30,158
Total revenues	307,000	317,000	254,753	(62,247)
Expenditures				
Current -				
Community and economic development -				
Capital outlay	-	57,885	47,234	(10,651)
Net change in fund balance	307,000	259,115	207,519	(51,596)
Fund balance, beginning of year	881,452	787,691	787,691	-
Fund balance, end of year	$ 1,188,452	$ 1,046,806	$ 995,210	$ (51,596)

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Improvement Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	$ -	$ -	$ 122,135	$ 122,135
Expenditures				
Current:				
General government:				
Other services and charges	-	6,160	6,160	-
Capital outlay	-	27,995	27,995	-
Public safety -				
Capital outlay	-	956,418	895,406	(61,012)
Public works -				
Capital outlay	-	1,090,790	556,108	(534,682)
Community and economic development:				
Other services and charges	-	43,383	31,601	(11,782)
Capital outlay	-	122,480	117,598	(4,882)
Recreation and culture -				
Capital outlay	-	186,249	1,211	(185,038)
Total expenditures	-	2,433,475	1,636,079	(797,396)
Revenues over (under) expenditures	-	(2,433,475)	(1,513,944)	919,531
Other financing sources				
Transfers in	-	347,000	347,000	-
Net change in fund balance	-	(2,086,475)	(1,166,944)	919,531
Fund balance, beginning of year	-	2,433,476	2,433,476	-
Fund balance, end of year	$ -	$ 347,001	$ 1,266,532	$ 919,531

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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.

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drain Perpetual Maintenance Permanent Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	$ 130,000	$ 130,000	$ 363,526	$ 233,526
Other -				
Tap-in fees	5,000	5,000	6,096	1,096
Total revenues	135,000	135,000	369,622	234,622
Other financing uses				
Transfers out	(2,777,096)	(4,775,947)	-	(4,775,947)
Net change in fund balance	(2,642,096)	(4,640,947)	369,622	5,010,569
Fund balance, beginning of year	4,592,784	7,044,847	7,044,847	-
Fund balance, end of year	$ 1,950,688	$ 2,403,900	$ 7,414,469	$ 5,010,569

Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

June 30, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	$ 86,757	$ -	$ 86,757
Capital assets not being depreciated	-	35,000	35,000
Total assets	$ 86,757	35,000	121,757
Fund balance			
Unassigned	$ 86,757	(86,757)	-
Net position			
Investment in capital assets		35,000	35,000
Unrestricted		86,757	86,757
Total net position		$ 121,757	$ 121,757

Statement of Revenues, Expenditures
and Changes in Fund Balance / Statement of Activities
Economic Development Corporation Component Unit
For the Year Ended June 30, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Other	$ 25,000	$ -	$ 25,000
Expenditures / expenses			
Community and economic development	52,199	-	52,199
Change in fund balance / net position	(27,199)	-	(27,199)
Fund balance / net position, beginning of year	113,956	35,000	148,956
Fund balance / net position, end of year	$ 86,757	$ 35,000	$ 121,757

CITY OF NOVI, MICHIGAN

Balance Sheet / Statement of Net Position

Corridor Improvement Authority Component Unit
June 30, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Capital assets being depreciated, net	$ -	3,490,305	3,490,305
Liabilities			
Advance from primary government	$ 1,561,862	-	1,561,862
Fund balance			
Unassigned (deficit)	(1,561,862)	1,561,862	-
Total liabilities and fund balance	$ -		
Net position			
Net investment in capital assets		$ 1,928,443	$ 1,928,443

CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenditures
and Changes in Fund Balance / Statement of Activities
Corridor Improvement Authority Component Unit
For the Year Ended June 30, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	$ 845,594	$ -	$ 845,594
Expenditures / expenses			
Community and economic development	-	158,651	158,651
Debt service -			
Interest and fiscal charges	52,090	-	52,090
Total expenditures / expenses	52,090	158,651	210,741
Change in fund balance / net position	793,504	(158,651)	634,853
Fund balance (deficit) / net position, beginning of year	(2,355,366)	3,648,956	1,293,590
Fund balance (deficit) / net position, end of year	$ (1,561,862)	$ 3,490,305	$ 1,928,443

STATISTICAL SECTION

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CITY OF NOVI, MICHIGAN

Statistical Section Table of Contents

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

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)

	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	$ 126,474,197	$ 138,682,792	$ 143,347,891	$ 163,467,366
Restricted	37,216,395	31,767,695	33,060,671	29,889,601
Unrestricted (deficit)	(15,805,367)	(20,402,611)	(26,055,697)	(32,788,366)
Total governmental activities	$ 147,885,225	$ 150,047,876	$ 150,352,865	$ 160,568,601
Business-type activities				
Net investment in capital assets	$ 123,718,769	$ 125,665,962	$ 126,934,551	$ 127,568,547
Restricted	-	-	-	-
Unrestricted	62,575,016	66,158,721	70,232,964	74,023,410
Total business-type activities	$ 186,293,785	$ 191,824,683	$ 197,167,515	$ 201,591,957
Primary government				
Net investment in capital assets	$ 250,192,966	$ 264,348,754	$ 270,282,442	$ 291,035,913
Restricted	37,216,395	31,767,695	33,060,671	29,889,601
Unrestricted (deficit)	46,769,649	45,756,110	44,177,267	41,235,044
Total primary government	$ 334,179,010	$ 341,872,559	$ 347,520,380	$ 362,160,558

Source: City's annual financial statements

Schedule 1
Unaudited

2020	2021	2022	2023	2024	2025
$ 174,166,371	$ 180,144,479	$ 182,188,251	$ 190,523,575	$ 206,020,929	$ 211,935,900
28,300,716	30,070,067	33,451,932	38,880,938	47,435,582	51,446,741
(37,880,102)	(33,948,100)	(25,549,033)	(30,448,249)	(38,394,676)	(35,326,627)
$ 164,586,985	$ 176,266,446	$ 190,091,150	$ 198,956,264	$ 215,061,835	$ 228,056,014
$ 134,704,908	$ 145,842,809	$ 153,326,680	$ 168,641,373	$ 176,175,141	$ 175,625,770
-	48,782	95,842	127,404	258,654	284,709
72,415,363	64,030,746	52,656,125	37,223,114	29,645,067	22,259,074
$ 207,120,271	$ 209,922,337	$ 206,078,647	$ 205,991,891	$ 206,078,862	$ 198,169,553
$ 308,871,279	$ 325,987,288	$ 335,514,931	$ 359,164,948	$ 382,196,070	$ 387,561,670
28,300,716	30,118,849	33,547,774	39,008,342	47,694,236	51,731,450
34,535,261	30,082,646	27,107,092	6,774,865	(8,749,609)	(13,067,553)
$ 371,707,256	$ 386,188,783	$ 396,169,797	$ 404,948,155	$ 421,140,697	$ 426,225,567

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	$ 7,260,647	$ 5,064,097	$ 7,822,056	$ 9,773,538
Public safety	18,811,184	22,712,180	21,046,372	21,159,849
Public works	12,136,916	15,781,996	18,638,195	19,254,786
Community and economic development	3,954,669	3,565,698	4,060,811	2,994,733
Recreation and culture	5,666,367	5,697,673	6,236,403	5,926,881
Interest and fiscal charges	777,562	399,077	367,467	340,183
Total governmental activities	48,607,345	53,220,721	58,171,304	59,449,970
Business-type activities:				
Water and sewer	27,282,209	25,569,364	26,211,694	25,278,115
Ice arena	1,735,010	1,657,727	1,597,966	1,682,737
Senior housing	1,898,830	1,393,543	1,358,521	1,366,882
Total business-type activities	30,916,049	28,620,634	29,168,181	28,327,734
Total primary government expenses	79,523,394	81,841,355	87,339,485	87,777,704
Program revenues				
Governmental activities:				
Charges for services:				
General government	-	-	-	4,127,393
Public safety	1,017,405	986,285	438,432	948,648
Public works	-	-	-	2,436,551
Community and economic development	-	-	-	362,344
Recreation and culture	2,176,230	1,688,012	1,644,806	1,498,614
Other activities	3,706,651	4,964,178	5,244,540	-
Operating grants and contributions	5,663,304	5,663,346	6,662,970	8,946,984
Capital grants and contributions	847,547	1,561,439	1,846,192	1,319,020
Total governmental activities	13,411,137	14,863,260	15,836,940	19,639,554
Business-type activities:				
Charges for services:				
Water and sewer	24,666,297	24,184,714	23,997,466	23,725,843
Ice arena	2,202,031	2,132,426	1,957,549	2,021,295
Senior housing	2,020,797	2,037,187	2,050,896	2,084,754
Operating grants and contributions	-	-	-	190,521
Capital grants and contributions	5,337,278	5,718,715	5,747,324	4,835,047
Total business-type activities	34,226,403	34,073,042	33,753,235	32,857,460
Total primary government program revenues	47,637,540	48,936,302	49,590,175	52,497,014
Net (expense)/revenue				
Government activities	(35,196,208)	(38,357,461)	(42,334,364)	(39,810,416)
Business-type activities	3,310,354	5,452,408	4,585,054	4,529,726
Total primary government net expense	(31,885,854)	(32,905,053)	(37,749,310)	(35,280,690)

Schedule 2
Unaudited

2020	2021	2022	2023	2024	2025
$ 9,387,526	$ 8,898,409	$ 9,905,432	$ 11,863,462	$ 10,067,047	$ 10,977,404
21,208,513	21,551,905	22,497,361	24,526,976	24,926,535	26,411,136
18,850,707	19,252,805	18,111,865	20,604,227	20,938,283	22,757,732
3,061,226	2,600,165	2,897,554	3,134,666	4,534,197	4,253,924
6,163,622	5,646,891	6,937,364	7,248,812	8,296,381	8,629,027
530,373	530,246	364,139	256,768	274,130	237,461
59,201,967	58,480,421	60,713,715	67,634,911	69,036,573	73,266,684
27,569,649	28,870,835	29,992,246	31,163,262	32,610,624	39,424,191
1,572,998	1,327,214	1,768,305	1,998,428	2,186,402	2,318,770
1,408,239	1,272,985	1,343,739	1,429,467	1,481,340	1,598,507
30,550,886	31,471,034	33,104,290	34,591,157	36,278,366	43,341,468
89,752,853	89,951,455	93,818,005	102,226,068	105,314,939	116,608,152
3,562,331	2,840,437	2,617,673	3,017,318	3,205,368	3,220,356
863,033	894,287	984,832	1,001,550	1,130,754	1,363,680
2,535,094	2,651,784	2,128,289	2,119,912	2,230,290	2,313,613
302,931	393,919	318,061	304,592	291,987	212,595
918,821	1,014,449	1,696,624	2,036,614	2,057,980	2,006,130
-	-	-	-	-	-
9,374,675	13,062,153	11,231,630	10,534,659	11,816,398	12,354,792
1,115,277	67,698	2,693,631	2,297,078	4,770,475	1,707,216
18,672,162	20,924,727	21,670,740	21,311,723	25,503,252	23,178,382
24,106,703	26,196,210	24,966,499	26,912,677	26,378,066	28,498,009
1,563,471	1,143,307	1,806,725	1,819,955	2,080,950	2,196,046
2,103,672	2,116,622	2,143,900	2,169,680	2,186,836	2,214,493
262,487	261,668	179,713	-	150,000	-
3,495,517	3,701,535	1,163,815	2,743,881	3,953,534	1,324,878
31,531,850	33,419,342	30,260,652	33,646,193	34,749,386	34,233,426
50,204,012	54,344,069	51,931,392	54,957,916	60,252,638	57,411,808
(40,529,805)	(37,555,694)	(39,042,975)	(46,323,188)	(43,533,321)	(50,088,302)
980,964	1,948,308	(2,843,638)	(944,964)	(1,528,980)	(9,108,042)
(39,548,841)	(35,607,386)	(41,886,613)	(47,268,152)	(45,062,301)	(59,196,344)

continued…

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2016	2017	2018	2019
General revenues and transfers				
Governmental activities:				
Property taxes	$ 32,932,970	$ 33,087,219	$ 36,658,748	$ 38,636,830
State shared revenue	4,963,301	4,651,780	5,173,080	5,658,307
Cable franchise fees	1,334,136	1,304,367	1,288,833	-
Investment income (loss)	2,455,405	219,207	733,912	1,468,783
Other	-	1,017,539	1,195,623	266,640
Gain on sale of capital assets	-	-	-	114,911
Transfers	-	240,000	-	2,421,260
Total governmental activities	41,685,812	40,520,112	45,050,196	48,566,731
Business-type activities:				
Investment income (loss)	1,593,678	318,490	828,498	2,220,521
Other	-	-	-	33,061
Transfers	-	(240,000)	-	(2,421,260)
Total business-type activities	1,593,678	78,490	828,498	(167,678)
Total primary government	43,279,490	40,598,602	45,878,694	48,399,053
Change in net position				
Governmental activities	6,489,604	2,162,651	2,715,832	8,756,315
Business-type activities	4,904,032	5,530,898	5,413,552	4,362,048
Total primary government	$ 11,393,636	$ 7,693,549	$ 8,129,384	$ 13,118,363

Source: City's annual financial statements

Schedule 2
Unaudited

2020	2021	2023	2023	2024	2025
$ 40,650,305	$ 42,583,648	$ 44,332,235	$ 46,116,218	$ 48,688,322	$ 51,528,949
4,977,778	5,646,493	8,263,773	7,480,045	7,585,733	7,860,079
-	-	-	-	-	-
1,332,096	723,864	(368,897)	911,429	3,089,387	3,128,955
249,270	126,134	387,625	680,610	275,450	564,498
-	155,016	252,943	-	-	-
(2,661,260)	-	-	-	-	-
44,548,189	49,235,155	52,867,679	55,188,302	59,638,892	63,082,481
1,886,090	853,758	(1,000,052)	858,208	1,615,951	1,198,733
-	-	-	-	-	-
2,661,260	-	-	-	-	-
4,547,350	853,758	(1,000,052)	858,208	1,615,951	1,198,733
49,095,539	50,088,913	51,867,627	56,046,510	61,254,843	64,281,214
4,018,384	11,679,461	13,824,704	8,865,114	16,105,571	12,994,179
5,528,314	2,802,066	(3,843,690)	(86,756)	86,971	(7,909,309)
$ 9,546,698	$ 14,481,527	$ 9,981,014	$ 8,778,358	$ 16,192,542	$ 5,084,870

concluded.

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2016	2017	2018	2019
General fund				
Nonspendable	$ 164,628	$ 486,817	$ 229,382	$ 242,421
Restricted	25,240	24,189	22,700	21,722
Assigned	1,884,723	1,408,718	1,033,033	1,310,001
Unassigned	11,670,611	10,986,117	10,533,951	9,722,965
Total general fund	13,745,202	12,905,841	11,819,066	11,297,109
All other governmental funds				
Nonspendable	-	18,951	740	495,625
Restricted	36,323,281	31,696,279	32,712,155	29,475,530
Committed	-	-	-	-
Assigned	2,100,000	2,493	-	-
Unassigned (deficit)	(33,932)	(1,487)	275,737	(6,762,839)
Total all other governmental funds	38,389,349	31,716,236	32,988,632	23,208,316
Total all governmental funds	$ 52,134,551	$ 44,622,077	$ 44,807,698	$ 34,505,425

Source: City's annual financial statements

Schedule 3
Unaudited

2020	2021	2022	2023	2024	2025
$ 232,326	$ 465,889	$ 428,259	$ 426,373	$ 597,804	$ 813,683
19,670	17,377	15,028	6,640	2,728	2,728
727,865	2,773,299	2,040,575	3,134,485	-	501,177
9,616,267	10,418,637	13,925,291	10,877,896	11,483,859	11,708,746
10,596,128	13,675,202	16,409,153	14,445,394	12,084,391	13,026,334
6,712,569	7,000,108	6,957,059	7,038,431	7,076,244	7,477,782
21,593,522	21,513,093	23,483,865	27,407,793	29,779,832	32,336,093
-	-	-	-	2,308,777	347,000
-	-	-	-	-	-
(11,174,362)	(10,333,452)	(4,902,461)	(3,710,646)	(9,089,137)	(5,329,816)
17,131,729	18,179,749	25,538,463	30,735,578	30,075,716	34,831,059
$ 27,727,857	$ 31,854,951	$ 41,947,616	$ 45,180,972	$ 42,160,107	$ 47,857,393

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019
Revenues				
Property taxes	$ 32,932,970	$ 33,087,219	$ 36,658,748	$ 38,636,830
Special assessments	1,604,014	25,336	49,598	48,861
Licenses, permits, and charges for services	4,542,923	4,005,981	3,466,502	7,408,819
Intergovernmental	9,653,887	9,870,824	11,580,519	12,048,707
Fines and forfeitures	757,403	661,549	677,681	820,770
Investment income (loss)	1,862,098	219,945	734,650	2,263,009
Other	5,007,027	5,759,163	6,307,787	3,537,910
Total revenues	56,360,322	53,630,017	59,475,485	64,764,906
Expenditures				
Current:				
City council	44,292	47,834	59,258	46,815
City manager	605,833	601,402	633,358	647,112
Finance	906,575	860,661	962,018	960,130
Treasury	314,398	329,479	346,965	331,059
Integrated solutions	1,058,956	1,094,249	995,548	1,168,737
Assessing	680,102	727,634	796,566	788,255
City attorney, insurance, and claims	736,524	634,805	681,227	747,932
City clerk	725,047	829,982	707,748	884,283
Facility management	1,172,435	1,786,574	2,155,715	2,302,322
Forestry and park maintenance	-	-	-	1,389,177
Human resources	414,577	394,393	487,489	498,429
Neighborhood and business relations group	1,260,956	958,328	756,466	1,046,015
General administration	2,395,339	3,749,428	3,486,735	3,367,005
Public safety - Police department	11,954,737	15,583,586	13,686,649	13,286,226
Public safety - Fire department	4,979,561	5,761,346	5,791,591	7,697,519
Community development - Building division	2,088,270	1,926,104	2,040,944	1,963,524
Community development - Planning division	736,558	530,385	590,816	591,019
Department of public works	255,647	746,075	6,852,777	11,387,750
Engineering	-	-	-	516,477
Construction	8,075,475	10,330,582	7,826,415	6,166,795
Street maintenance	3,760,085	5,160,645	1,875,569	9,925,159
Drain maintenance	-	-	-	578,171
Recreational programs	3,772,846	3,765,974	3,752,479	6,826,606
Library programs	2,779,842	2,768,005	2,928,428	3,049,354
Economic development	-	-	529,753	161,225
Debt service:				
Principal	4,051,000	2,340,000	920,000	965,000
Interest and fiscal charges	818,163	455,020	425,350	398,292
Total expenditures	53,587,218	61,382,491	59,289,864	77,690,388

Schedule 4
Unaudited

2020	2021	2022	2023	2024	2025
$ 40,650,305	$ 42,583,648	$ 44,332,235	$ 46,116,218	$ 48,688,322	$ 51,528,949
35,829	35,829	35,829	35,829	35,829	27,300
6,811,251	6,297,547	5,571,654	5,894,040	6,260,674	6,451,668
11,784,904	17,888,798	19,373,669	16,601,531	17,496,735	17,874,260
567,292	480,860	471,441	539,415	558,644	474,662
1,917,241	959,562	(746,873)	1,291,600	4,169,344	4,029,501
2,399,717	2,249,472	2,710,731	3,534,843	3,292,181	3,970,483
64,166,539	70,495,716	71,748,686	74,013,476	80,501,729	84,356,823
83,873	63,165	45,178	49,952	57,774	163,877
684,132	594,169	679,226	675,298	735,699	789,288
867,556	869,678	899,174	998,525	955,942	1,056,674
325,683	382,789	442,560	435,986	471,476	480,273
1,332,851	1,526,898	1,387,063	1,637,831	1,774,259	1,496,453
785,872	782,795	916,200	746,503	770,738	918,539
696,458	697,077	1,059,326	740,544	774,444	805,870
1,021,388	901,185	811,120	1,006,396	1,080,682	1,103,058
1,244,818	1,432,810	1,273,596	1,638,857	2,049,187	1,722,579
1,121,928	1,054,029	1,062,152	1,416,379	1,379,610	1,441,281
507,682	522,690	539,817	751,532	774,627	783,386
937,573	894,707	914,557	1,299,491	1,178,972	1,028,935
3,489,033	3,909,603	3,161,031	2,983,003	3,571,134	3,020,746
13,711,285	14,530,407	14,756,986	15,632,927	16,726,664	17,287,847
6,693,640	6,703,280	7,357,554	6,736,560	7,777,787	8,212,259
2,142,362	1,855,640	1,905,997	2,144,838	2,225,441	2,359,226
513,348	520,413	671,858	845,766	842,367	811,354
1,354,702	3,191,538	3,172,522	4,069,549	3,144,703	4,290,432
187,517	333,346	363,257	358,487	417,213	418,910
5,059,575	2,185,750	2,112,370	3,384,151	11,031,026	1,484,106
10,370,753	13,178,389	11,808,368	12,863,109	12,142,164	17,508,424
703,158	724,534	717,907	975,320	1,190,809	1,200,312
9,932,172	4,835,649	3,526,437	4,022,237	6,692,807	4,254,338
3,039,985	3,053,271	3,256,463	3,491,515	4,005,899	4,275,193
128,836	150,762	353,226	362,113	356,186	81,135
1,015,000	1,070,000	1,135,000	1,195,000	1,306,782	1,365,098
588,731	591,630	425,026	318,251	336,064	299,944
68,539,911	66,556,204	64,753,971	70,780,120	83,770,456	78,659,537

continued...

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019
Revenues over (under) expenditures	$ 2,773,104	$ (7,752,474)	$ 185,621	$ (12,925,482)
Other financing sources (uses)				
Issuance of bonds and other long-term liabilities	9,995,301	-	-	-
Proceeds from sale of capital assets	-	-	-	114,911
Insurance recovery	-	-	-	87,038
Payment to refund bond escrow agent	(9,887,462)	-	-	-
Transfers in	13,834,940	7,561,984	5,551,500	10,797,120
Transfers out	(13,834,940)	(7,321,984)	(5,551,500)	(8,375,860)
Total other financing sources (uses)	107,839	240,000	-	2,623,209
Net changes in fund balances	$ 2,880,943	$ (7,512,474)	$ 185,621	$ (10,302,273)
Debt services as a percentage of noncapital expenditures	9.1%	4.6%	2.3%	2.8%

Source: City's annual financial statements

Schedule 4
Unaudited

2020	2021	2022	2023	2024	2025
$ (4,373,372)	$ 3,939,512	$ 6,994,715	$ 3,233,356	$ (3,268,727)	$ 5,697,286
-	-	-	-	247,862	-
215,383	157,230	3,089,374	-	-	-
41,681	30,352	8,576	-	-	-
-	-	-	-	-	-
6,342,329	7,746,716	6,997,881	5,584,200	9,030,243	2,413,000
(9,003,589)	(7,746,716)	(6,997,881)	(5,584,200)	(9,030,243)	(2,413,000)
(2,404,196)	187,582	3,097,950	-	247,862	-
$ (6,777,568)	$ 4,127,094	$ 10,092,665	$ 3,233,356	$ (3,020,865)	$ 5,697,286
3.2%	3.3%	3.0%	2.7%	2.8%	2.7%

concluded.

CITY OF NOVI, MICHIGAN

Taxable and Estimated Actual Value of Property

Last Ten Fiscal Years

Year Ended June 30,	Real Property: Residential Property	Real Property: Commercial Property	Real Property: Industrial Property	Personal Property	Total Taxable Value
2025	$ 3,365,327,040	$ 1,247,371,560	$ 85,412,970	$ 264,809,328	$ 4,962,920,898
2024	3,148,345,420	1,166,867,580	81,508,830	252,542,520	4,649,264,350
2023	2,941,366,920	1,123,579,520	64,247,100	273,415,990	4,402,609,530
2022	2,775,266,092	1,085,214,260	60,114,070	278,095,777	4,198,690,199
2021	2,661,331,380	1,041,383,540	57,273,630	278,747,760	4,038,736,310
2020	2,533,927,750	991,963,100	59,532,240	267,518,910	3,852,942,000
2019	2,389,711,290	948,154,150	50,960,580	256,827,350	3,645,653,370
2018	2,267,135,430	898,845,980	37,866,980	246,268,600	3,450,116,990
2017	2,169,188,620	878,201,150	38,362,030	237,292,830	3,323,044,630
2016	2,087,604,500	840,859,240	37,269,450	239,836,740	3,205,569,930

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	$ 6,106,711,533	81.27%
10.5376	5,599,482,760	83.03%
10.5376	5,268,635,410	83.56%
10.5376	5,117,122,329	82.05%
10.5376	4,953,366,010	81.54%
10.5376	4,704,211,310	81.90%
10.5376	4,429,863,848	82.30%
10.5376	4,234,030,940	81.49%
9.9950	3,952,090,850	84.08%
10.2000	3,704,488,760	86.53%

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(rate per $1,000 of taxable value)

	City of Novi							
Fiscal Year	General	Public Act 359 Advertising	Municipal Street	Police and Fire	Parks and Recreation	Drain Revenue	Capital Improvements	Library
2025	4.7505	0.0100	1.4197	1.3518	0.3648	0.6120	0.9514	0.7303
2024	4.7505	0.0107	1.4197	1.3518	0.3648	0.6113	0.9514	0.7303
2023	4.7505	0.0113	1.4197	1.3518	0.3648	0.6107	0.9514	0.7303
2022	4.7505	0.0119	1.4197	1.3518	0.3648	0.6101	0.9514	0.7303
2021	4.7563	0.0123	1.4215	1.3535	0.3653	0.5978	0.9526	0.7312
2020	4.7755	0.0129	1.4273	1.3590	0.3668	0.5583	0.9565	0.7342
2019	4.8458	0.0137	1.4484	1.3790	0.3722	0.4157	0.9706	0.7451
2018	4.9206	-	1.4708	1.4003	0.3780	0.2648	0.9856	0.7567
2017	4.9925	-	1.4923	1.4208	0.3836	0.2120	-	0.7678
2016	5.0056	-	1.4962	1.4246	0.3847	-	-	0.7699

Source: City's finance department records
Note: All rates are expressed in dollars per $1,000 of taxable value

City of Novi		Novi Schools		South Lyon Schools		Walled Lake Schools		Northville Schools	
Debt Service	Total	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead
0.3471	10.5376	8.9810	26.9810	7.0000	25.0000	4.8567	21.6028	4.3357	22.3357
0.3471	10.5376	9.0178	25.9078	7.0000	25.0000	4.6300	21.3761	4.3396	22.3396
0.3471	10.5376	9.0442	28.8580	7.0000	25.0000	4.5969	21.3430	4.3396	22.3396
0.3471	10.5376	9.1832	25.1550	7.0000	25.0000	6.0742	21.5648	4.5816	22.5816
0.3471	10.5376	10.8878	25.6862	7.1000	25.1000	6.1582	21.7335	4.5853	22.5853
0.3471	10.5376	11.2645	25.8379	7.9000	25.9000	6.2300	21.9531	4.5919	22.5919
0.3471	10.5376	11.1456	26.0482	8.0000	26.0000	6.7968	22.5643	4.6041	22.6041
0.3608	10.5376	11.2525	26.3118	9.0000	27.0000	6.9458	22.7592	4.6140	22.6140
0.6810	9.9500	12.0109	27.0560	9.6000	27.6000	7.0150	22.9279	5.2448	22.6248
1.1190	10.2000	12.0656	27.0722	10.5228	25.5294	7.2841	23.1180	4.7370	22.7937

continued…

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(rate per $1,000 of taxable value)

Fiscal Year	Oakland County	Oakland Community College	Schoolcraft Community College	Oakland Intermediate Schools	Wayne Intermediate Schools	State Education
2025	5.5503	1.4836	2.2700	3.1541	5.4092	6.0000
2024	5.7577	1.4891	2.2700	3.1658	5.4275	6.0000
2023	5.7577	1.4891	2.2700	3.1658	5.4275	6.0000
2022	4.0132	1.5057	2.2700	3.2012	5.4520	6.0000
2021	4.8682	1.5184	2.2877	3.2280	5.4643	6.0000
2020	4.7748	1.5303	2.2516	3.2539	5.4643	6.0000
2019	4.7805	1.5431	1.7662	3.2813	3.4643	6.0000
2018	4.7849	1.5555	1.7766	3.3079	3.4643	6.0000
2017	4.7909	1.5707	1.7881	3.3398	3.4643	6.0000
2016	4.8450	1.5819	1.7967	3.3633	3.4643	6.0000

concluded.

CITY OF NOVI, MICHIGAN

Schedule 7
Unaudited

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Fiscal 2016 (2015 Taxable Value) Taxable Value	Rank	Percentage of Total	Fiscal 2025 (2024 Taxable Value) Taxable Value	Rank	Percentage of Total
Redwood-ERC Novi LLC/Fox Run Village	$ 34,884,280	4	1.1%	$ 73,264,180	1	1.5%
TVO Mall Owner LLC/Twelve Oaks Mall (Taubman)	52,806,020	1	1.7%	56,976,970	2	1.1%
Singh Development /Waltonwood	43,603,360	3	1.4%	51,504,130	3	1.0%
Detroit Edison	26,792,660	8	0.8%	38,291,690	4	0.8%
International Transmission Co	28,228,540	5	0.9%	37,000,250	5	0.7%
Occidental Development Ltd.	27,901,640	6	0.9%	34,740,520	6	0.7%
TBON LLC (Bowman)	27,399,110	7	0.9%	34,380,910	7	0.7%
Haggerty Corp./HCP Land LLC				32,064,830	8	0.6%
Providence Hospital	20,827,540	9	0.7%	31,326,890	9	0.6%
GR Meadowbrook LLC				28,193,790	10	0.6%
Northern Equities, et al	49,172,110	2	1.5%			
Sun Valley, Ltd./Foundation Walk	14,501,410	10	0.5%			
	$ 326,116,670		10.2%	$ 417,744,160		8.4%

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: Current Tax Collection	Collected within the Fiscal Year of the Levy: Percent of Levy Collected	Delinquent Tax Collection [1]	Total Collections to Date: Total Tax Collection [2]	Total Collections to Date: Collections as a Percent of Levy
2025	$ 52,343,703	$ 51,706,993	98.78%	$ 505,927	$ 52,212,920	99.75%
2024	51,335,919	50,923,957	99.20%	341,128	51,265,085	99.86%
2023	48,736,463	48,258,357	99.02%	388,721	48,647,078	99.82%
2022	47,433,163	46,807,690	98.68%	541,820	47,349,510	99.82%
2021	42,350,979	41,818,638	98.74%	400,776	42,219,414	99.69%
2020	40,470,851	40,059,638	98.98%	343,492	40,403,130	99.83%
2019	38,505,820	38,128,936	99.02%	364,391	38,493,327	99.97%
2018	36,512,501	36,087,781	98.84%	336,294	36,424,075	99.76%
2017	32,889,924	32,493,813	98.80%	307,117	32,800,930	99.73%
2016	32,612,845	32,242,851	98.87%	307,113	32,549,964	99.81%

(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

CITY OF NOVI, MICHIGAN

Schedule 9
Unaudited

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities				Business-type Activities				
Fiscal Year Ending June 30,	General Obligation Bonds	Unamortized Premium	Lease Liability	Subscription Liability	General Obligation Bonds	Special Assessment Bonds	Total Primary Government	% of Taxable Value	Per Capita
2025	$ 2,730,000	$ 128,031	$ 52,979	$ 58,003	$ 1,020,000	$ -	$ 3,989,013	0.08%	58.86
2024	4,025,000	256,061	67,945	113,135	2,020,000	-	6,482,141	0.14%	95.21
2023	5,265,000	384,091	-	-	3,520,000	-	9,169,091	0.21%	137.71
2022	7,655,000	640,151	-	-	6,230,000	-	14,525,151	0.35%	219.27
2021	7,595,000	640,151	-	-	6,225,000	-	14,460,151	0.36%	218.29
2020	8,665,000	768,181	-	-	7,570,000	-	17,003,181	0.44%	265.82
2019	9,680,000	896,211	-	-	8,950,000	-	19,526,211	0.54%	307.34
2018	10,645,000	1,024,241	-	-	10,330,000	-	21,999,241	0.64%	359.51
2017	11,565,000	1,152,271	-	-	11,685,000	150,000	24,552,271	0.74%	414.66
2016	13,905,000	1,280,301	-	-	13,030,000	300,000	28,515,301	0.89%	480.67

Source: City's annual financial statements

CITY OF NOVI, MICHIGAN

Schedule 10
Unaudited

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Obligation Bonds and Unamortized Premium	Less: Amounts Available in Debt Service Funds	Total	Debt as a percentage of Taxable Value	Per Capita
2025	$ 3,878,031	$ 844,306	$ 3,033,725	0.06%	$ 44.77
2024	6,301,061	526,741	5,774,320	0.12%	84.82
2023	9,169,091	281,746	8,887,345	0.20%	133.48
2022	14,525,151	142,548	14,382,603	0.34%	217.12
2021	14,460,151	66,519	14,393,632	0.36%	217.29
2020	17,003,181	41,047	16,962,134	0.44%	265.17
2019	19,526,211	71,031	19,455,180	0.53%	306.22
2018	21,999,241	252,483	21,746,758	0.63%	355.39
2017	24,552,271	341,141	24,211,130	0.73%	408.90
2016	28,215,301	880,019	27,335,282	0.85%	460.78

Source: City's finance department records

Schedule 11
Unaudited

Direct and Overlapping Governmental Activities Debt

June 30, 2025

	Net Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
Direct debt			
City of Novi	$ 2,969,013	100.00%	$ 2,969,013
Overlapping debt			
Novi School District	178,705,000	99.87%	178,472,684
Northville School District	128,200,000	19.25%	24,678,500
Walled Lake School District	392,235,000	12.95%	50,794,433
South Lyon School District	140,880,000	3.92%	5,522,496
Oakland County	123,902,591	6.18%	7,657,180
Oakland Intermediate School District	36,680,000	5.22%	1,914,696
Schoolcraft School District	41,105,000	5.03%	2,067,582
Net overlapping debt			271,107,570
Total direct and overlapping debt			$ 274,076,583

Source: Various taxing authorities

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

CITY OF NOVI, MICHIGAN

Schedule 12
Unaudited

Legal Debt Margin
Last Ten Fiscal Years

Assessed value		$ 6,106,711,533
Legal debt limit (10% of SEV)		$ 610,671,153
Gross indebtedness	$ 3,878,031	
Amount available in debt service funds	(844,306)	
Net bonded debt		3,033,725
Legal debt margin		$ 607,637,428
Net bonded debt as a percentage of assessed value		0.05%

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
2025	$ 610,671,153	$ 3,033,725	$ 607,637,428	0.50%
2024	559,948,276	5,774,320	554,173,956	1.03%
2023	526,863,541	8,887,345	517,976,196	1.69%
2022	511,712,233	11,704,573	500,007,660	2.29%
2021	495,336,601	14,393,632	480,942,969	2.91%
2020	470,421,131	17,044,228	453,376,903	3.62%
2019	442,986,385	19,597,242	423,389,143	4.42%
2018	425,826,339	21,999,241	403,827,098	5.17%
2017	397,398,215	24,402,271	372,995,944	6.14%
2016	371,885,911	28,215,301	343,670,610	7.59%

Source: City's finance department records

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Special Assessment Collections	Debt Service	Coverage
2025	$ -	$ -	-
2024	-	-	-
2023	-	-	-
2022	-	-	-
2021	-	-	-
2020	-	-	-
2019	-	-	-
2018	-	-	-
2017	286,913	153	1,875.25
2016	1,798,863	1,549	1,161.31

Source: City's annual financial statements

CITY OF NOVI, MICHIGAN

Schedule 14
Unaudited

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2025	67,770	*	*	2.80%
2024	68,080	*	*	2.40%
2023	66,584	*	*	2.40%
2022	66,243	*	*	2.40%
2021	66,243	*	*	4.60%
2020	63,966	*	*	10.40%
2019	63,533	*	*	2.50%
2018	61,192	*	*	2.20%
2017	59,211	$ 2,749,462,785	$ 46,435	1.90%
2016	59,324	2,687,792,468	45,307	2.80%

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

CITY OF NOVI, MICHIGAN

Schedule 15
Unaudited

Principal Employers

Current Year and Nine Years Ago

	2016			2025		
Employer	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
St. John Health/Ascension Providence	1,600	1	2.70%	2,395	1	4.15%
Harman				935	2	1.62%
Novi Community Schools	892	3	1.50%	683	3	1.18%
ITC Holding, Inc.	600	5	1.01%	583	4	1.01%
Ryder System	500	6	0.84%	500	5	0.87%
Yanfeng				450	6	0.78%
Hanon				375	7	0.65%
Lineage Logistics				371	8	0.64%
Fox Run	744	4	1.25%	331	9	0.57%
Intier/Magna	1,000	2	1.69%	311	10	0.54%
Macy's	500	7	0.84%			
Eberspaecher North America, Inc.	408	8	0.69%			
Michigan CAT	310	9	0.52%			
City of Novi	255	10	0.43%			
	6,809		11.48%	6,934		12.02%

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

CITY OF NOVI, MICHIGAN

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

Function/Program	2016	2017	2018	2019
Full-time				
City Manager	3.00	3.00	3.00	3.00
Finance Department (1)	9.00	9.00	9.00	9.00
Information Technology	6.00	7.00	7.00	8.00
Assessing	5.00	5.00	5.00	5.00
City Clerk	5.00	5.00	5.00	5.00
Facility Operations (5)	3.00	3.00	3.00	3.00
Human Resources (3)	4.00	4.00	4.00	4.00
Department of Public Safety	115.00	118.00	123.00	125.00
Department of Public Services (4)	36.00	36.00	36.00	37.25
Parks, Recreation, and Cultural Services	12.00	12.00	12.00	12.00
Water and Sewer	14.00	14.00	14.00	13.75
Library	17.00	16.00	16.00	16.00
Community Relations	6.00	6.00	6.00	6.00
Economic Development	-	-	1.00	1.00
Community Development (2)	21.00	21.00	21.00	21.00
	256.00	259.00	265.00	269.00

(1) Finance includes both the Finance Department and Treasury Department in Fiscal Year 2013
(2) Combined building and planning
(3) Employees included under General Administration in previous years
(4) Engineering staff combined with DPS
(5) Facility Operations combined with Integrated Solutions

Source: City's finance department records

Schedule 16
Unaudited

2020	2021	2022	2023	2024	2025
3.00	3.00	3.00	3.00	3.00	3.00
9.00	8.00	9.00	8.25	8.25	8.25
8.00	8.00	8.00	8.00	20.00	20.00
5.00	5.00	5.00	5.00	5.00	5.00
5.00	5.00	5.00	5.00	5.00	5.00
3.00	3.00	4.00	4.00	-	-
4.00	4.00	4.00	5.00	5.00	5.00
121.00	121.00	126.00	129.00	128.00	128.00
37.00	36.00	36.25	36.50	30.50	30.50
12.00	10.00	13.00	11.00	11.00	12.00
12.00	12.00	13.75	15.25	14.25	14.25
17.00	19.00	19.00	20.00	23.00	23.00
6.00	5.00	5.00	5.00	5.00	5.00
-	1.00	1.00	1.00	1.00	1.00
20.00	20.00	22.00	23.00	23.00	23.00
262.00	260.00	274.00	279.00	282.00	283.00

CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019
Election Data				
Registered voters	38,706	39,706	40,661	40,720
Voters at polls	3,423	20,160	4,126	18,472
Absentee ballots	2,588	9,937	4,141	8,921
Early voting (6)	-	-	-	-
Percent voting	154%	76%	20%	67%
Police				
Part A crimes	1,508	1,596	1,454	1,246
Part B crimes	638	577	1,128	1,009
Injury accidents	300	273	339	262
Property damage	1,084	1,174	1,413	1,446
Moving traffic violations	7,916	5,904	5,427	3,376
Parking violations	231	392	755	317
Adult arrests	2,428	1,965	2,101	1,996
Juvenile arrests	98	100	119	64
OUIL arrests	217	145	186	135
False alarms	2,094	2,074	1,885	1,312
Fire				
Fire incidents	124	78	95	84
Service incidents	642	502	543	720
Fire inspections conducted	2,898	2,944	2,322	2,057
Medical emergencies	3,784	4,064	4,175	4,439
Paid-on-call staff	71	63	67	59
Parks and Recreation				
Youth classes/clinics	1,475	1,577	1,790	2,172
Adult classes/clinics	549	3,268	2,750	2,856
Youth leagues	2,934	3,403	2,724	2,652
Adult leagues	3,868	3,630	4,373	3,549
Summer day camp	747	691	864	1,017
Lakeshore Park vehicle entry (3)	14,995	14,620	10,285	-
Lakeshore Park attendance (3)	37,488	37,217	25,713	-
Lakeshore Park picnic shelter rental	231	150	166	48
Senior citizens served (4)	77,687	66,845	65,395	73,015
Special event attendance	18,153	26,026	27,670	26,645
Civic Center rentals	1,203	916	1,074	747
Civic Center Attendance (5)	23,023	21,731	22,156	20,135

Schedule 17
Unaudited

2020	2021	2022	2023	2024	2025
41,877	45,457	46,161	46,822	47,530	47,760
4,027	9,811	4,143	14,434	4,351	11,038
6,333	25,945	7,625	14,637	7,813	17,522
-	-	-	-	-	7,113
25%	78%	25%	62%	27%	75%
1,115	1,133	1,208	1,337	1,209	1,093
808	474	525	618	426	502
254	262	299	368	324	317
1,457	904	1,607	1,448	1,630	1,630
2,742	6,039	4,825	4,107	4,041	3,369
389	22	27	104	55	89
1,306	955	810	926	936	1,211
25	14	15	95	74	91
119	92	111	130	128	177
1,847	2,290	1,929	1,666	480	838
80	133	98	109	84	91
687	616	1,910	2,356	3,024	3,001
2,945	4,048	2,581	2,390	2,727	2,132
4,516	4,566	5,246	5,708	5,924	6,362
54	62	40	30	37	38
1,801	2,011	2,618	3,167	2,852	2,505
2,201	823	2,593	3,599	5,220	3,832
2,229	2,381	2,850	3,106	3,108	2,971
2,319	3,217	3,423	3,556	3,976	4,199
295	495	1,867	1,998	1,844	1,692
-	-	-	-	-	-
-	-	-	-	-	-
-	204	773	433	392	545
58,587	50,261	78,623	70,914	90,680	89,283
14,321	2,268	5,289	6,512	5,630	5,646
214	12	104	370	-	-
12,030	284	4,695	-	-	-

continued...

CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019
Library (2)				
Items circulated	793,991	833,558	812,025	857,854
Book collections	140,895	141,129	141,638	139,449
Audio/Video/CD collections	29,077	29,737	30,642	30,100
Periodical subscriptions	207	218	203	190
Requests of information	113,778	117,235	116,219	114,709
Youth Summer Reading	2,084	2,362	2,465	2,029
Program participants	46,854	56,026	60,246	75,595
Visitors	404,979	424,401	488,778	463,818
Interlibrary loans	112,016	115,222	111,236	102,655
Water and Sewer Customers:				
Residential	14,105	14,220	14,411	13,648
Commercial (1)	1,264	1,239	928	935
Water (in thousand gallons)				
Purchased from Detroit (GLWA)	2,276,389	2,349,960	2,298,596	2,144,615
Sold to residents	1,963,221	2,231,717	2,159,537	2,106,440
Rates				
Fixed rate quarterly water charge	$ 80.00	$ 56.00	$ 56.00	$ 56.00
Additional usage per 1,000 gallons	3.05	3.20	3.20	3.26
Fixed rate quarterly sewer charge	30.00	30.00	30.00	30.00
Sewer (per thousand gallons of water usage)	3.40	3.60	3.60	3.89

(1) Fewer accounts because the fire line accounts were discontinued in the spring of 2018.
(2) Early voting went into effect November 2023.
(3) Lakeshore no-resident vehicle entry fees eliminated in September 2017, no longer tracking.
(4) As of June 30, 2022, department changed the way they calculate the number of seniors served. Seniors participating in fitness classes are included in the adult classes and leagues in 2022 since programs offered by class and skill, not by age.
(5) The City stopped tracking attendance after June 30, 2022.
(6) Early voting went into effect November 2023.

Source: City's finance department records

Schedule 17
Unaudited

2020	2021	2022	2023	2024	2025
719,842	952,505	822,947	836,089	855,872	844,079
138,683	141,928	141,503	137,566	131,909	133,132
29,193	26,073	23,918	23,639	21,731	21,931
167	166	152	129	123	117
88,345	67,245	65,317	62,322	81,142	82,158
1,338	1,918	2,050	1,956	1,355	1,839
54,334	30,762	23,167	36,914	43,672	37,890
325,645	178,569	348,353	388,677	390,728	374,825
74,748	129,224	89,439	90,016	94,113	94,052
13,856	13,794	14,161	14,250	14,840	14,926
936	922	939	943	938	941
2,212,444	2,328,828	2,239,768	2,392,407	2,203,864	2,157,338
1,958,177	2,180,865	2,042,883	2,097,418	1,999,928	2,031,335
$ 56.00	$ 56.00	$ 56.00	$ 56.00	$ 56.00	$ 56.00
3.33	3.43	3.43	3.73	3.95	4.72
30.00	30.00	30.00	30.00	30.00	30.00
4.01	4.33	4.33	4.72	5.14	5.45

concluded.

Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019
Police stations	1	1	1	1
Fire stations	4	4	4	4
Public works				
Miles of major streets	44	44	44	44
Miles of local streets	143	144	147	148
Estimated sidewalks in miles (1)	272	275	293	296
Bridges	10	10	10	10
Street lights	691	680	689	777
Parks and recreation				
Acres	1,276	1,277	1,329	1,419
Locations	17	17	21	30
Library				
Library branches	1	1	1	1
Water and sewer				
Miles of water mains	336	341	359	362
Miles of sanitary sewers	268	271	285	290
Fire hydrants	4,181	4,267	4,344	4,382

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

2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
4	5	5	5	5	5
44	45	45	45	46	46
162	149	149	150	152	153
305	307	311	311	316	316
10	17	12	12	12	12
864	877	915	915	918	920
1,419	1,419	1,419	1,419	1,493	1,493
30	30	30	30	30	30
1	1	1	1	1	1
366	367	361	363	366	366
292	287	288	288	290	290
4,411	4,473	4,508	4,530	4,596	4,565

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2025

City of Novi, Michigan

CITY OF NOVI

cityofnovi.org

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EMPOWER YOUR PURPOSE®

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 25, 2025

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Novi, Michigan*** (the "City") as of and for the year ended June 30, 2025, and have issued our report thereon dated November 25, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 30, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated November 25, 2025. In addition, we noted a certain other matter which is included in Attachment A to this letter.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements.

The City changed accounting policies related to accounting for the liability for compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences.*

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the fair value of certain investments (primarily those that are not traded on a national or international exchange) is based on a variety of factors including the purchase price, changes in the financial condition and prospects of the issuer, calculations of the total enterprise value using discounted cash flow projections, trading of securities of comparable companies engaged in similar businesses, estimation of liquidation value, the existence of restrictions on transferability, prices received in recent significant placements of securities of the same issuer, and other analytical data related to the investment.

- The assumptions used in the actuarial valuations of the other postemployment benefits plan are based on historical trends and industry standards.

In addition, the financial statements include the net pension liability and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

The schedule of adjustments passed is included with management's written representations in Attachment C to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the ***City of Novi, Michigan*** and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Robson LLC

CITY OF NOVI, MICHIGAN

Attachment A - Comments and Recommendations

For the June 30, 2025 Audit

During our audit, we became aware of a certain other matter that is an opportunity for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comment and recommendation regarding this matter. Our consideration of the City's internal control over financial reporting is described in our report, dated November 25, 2025, issued in accordance with *Government Auditing Standards.* This memorandum does not affect that report or our report dated November 25, 2025, on the financial statements of the ***City of Novi, Michigan.***

Other Matter

Budgeted Fund Balance Deficit (Repeat)

Through the *Uniform Budgeting and Accounting Act, Act 2 of 1968,* the State of Michigan Department of Treasury requires that the total estimated expenditures, including an accrued deficit, in the budget shall not exceed the total estimated revenues plus fund balance. The City budgeted for an ending fund balance deficit in the capital improvement program capital projects fund.

Management's Response to Other Matter:

The capital improvement program capital projects fund ended fiscal year 2025 with a fund balance deficit of $5,320,793, a decrease of $3,730,311 from fiscal year 2024's deficit. The decrease in the current fiscal year was due primarily to property tax revenue exceeding expenditures in the current year. The deficit was planned and approved by City Council. City of Novi residents approved a ten year CIP millage in August of 2016 with the first levy on July 1, 2017. The CIP millage was estimated to bring in more than $42 million over the ten year period of the levy. City Council identified six projects that were to begin immediately with an estimated cost of $21 million. Construction on the various projects was projected to span over several fiscal years. After reviewing funding options (internal borrowings vs bond issuance), on June 19, 2017, the Mayor and Council passed a resolution approving internal borrowing rather than issuing bonds. Internal borrowing allows the City to make monthly loan payments and interest paid on the loan stays within its own funds. Had the City issued bonds, the bond proceeds would have provided the City with bond proceed revenue and generated a positive fund balance, but would have cost the City millions in closing costs and interest. Governmental accounting rules require internal borrowings not be shown as proceeds on the statement of revenue, expenditures and changes in fund balance, but rather a liability on the balance sheet. As of June 30, 2025, the six projects noted above are complete and the estimated remaining property tax revenue from the CIP millage totals $9.6 million over the remaining two years.

The State requires any municipality which has a deficit in any fund in the annual audit report to file a formal deficit elimination plan (DEP) addressing how the deficit will be eliminated. The Mayor and City Council approved a DEP for fiscal years 2024, 2023, 2022, 2021 and 2020, and will submit an updated DEP for fiscal year 2025 for State approval.

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Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2025 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 103 ■ Financial Reporting Model Improvements

Effective 06/15/2026 (your FY 2026)

This standard establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following: a. management’s discussion and analysis (MD&A), b. unusual or infrequent items, c. presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, d. information about major component units in basic financial statements, e. budgetary comparison information, and f. financial trends information in the statistical section.

GASB 104 ■ Disclosure of Certain Capital Assets

Effective 06/15/2026 (your FY 2026)

This standard requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, requires certain intangible assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale.

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CITY OF NOVI, MICHIGAN

Attachment C – Management Representations

For the June 30, 2025 Audit

The following pages contain the written representations that we requested from management.

CITY COUNCIL

Mayor
Justin Fischer

Mayor Pro Tem
Laura Marie Casey

David Staudt

Brian Smith

Matt Heintz

Priya Gurumurthy

Aaron Martinez

City Manager
Victor Cardenas

City Clerk
Cortney Hanson

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

cityofnovi.org

November 25, 2025

Rehmann Robson
675 Robinson Road
Jackson, Michigan 49203

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Novi, Michigan*** (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the general fund and the major special revenue fund of the City in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 25, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 30, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. With respect to the nonattest services provided, which include any assistance you provided in drafting the financial statements and related notes, proposing standard, adjusting or conversion journal entries, assistance with maintaining/updating a GASB 68 template for pension, assistance with maintaining/updating a GASB 75 template for OPEB, assistance with maintaining/updating a GASB 87 template for leases, assistance with maintaining/updating a GASB 96 template for subscription-based information technology arrangements, and assistance with maintaining/updating a GASB 101 template for compensated absences, we have performed the following:

a. Made all management decisions and performed all management functions;
b. Assigned a competent individual to oversee the services;
c. Evaluated the adequacy of the services performed;
d. Evaluated and accepted responsibility for the result of the service performed; and
e. Established and maintained internal controls, including monitoring ongoing activities.

5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. With regard to items reported at fair value:
    a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
    d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All funds that meet the quantitative GASB criteria for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
16. All components of net position and fund balance classifications have been properly reported.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.
23. We believe that the actuarial assumptions and methods used to measure the net pension liability and the other postemployment benefit asset and costs for financial accounting purposes are appropriate in the circumstances.
24. We are responsible for the fair presentation of the City's net pension liability as calculated by the Municipal Employees' Retirement System of Michigan (MERS) and related amounts. We provided MERS with complete and accurate information regarding the City's participation in the plan, and have reviewed the information provided by MERS for inclusion in the City's financial statements.
25. There were no omissions from the participants' data provided to the single-employer OPEB Plan's actuary for the purpose of determining the actuarial present value of the Plan's benefit obligations and the other actuarially determined amounts in the financial statements.
26. The single-employer OPEB Plan's administrator agrees with the actuarial methods and assumptions and methods used by the actuary for funding purposes and for determining the Plan's benefit obligations and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the Plan's actuary with respect to the values of amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the Plan's actuary.
27. The following have been properly recorded and disclosed in the financial statements:
    a. The actuarial methods or assumptions used in calculating amounts recorded or disclosures in the financial statements.
    b. Changes in the single-employer OPEB Plan's provisions between the actuarial valuation date and the date of this letter.
28. All required filings of the single-employer OPEB Plan's documents with the appropriate agencies have been made.
29. The single-employer OPEB Plan (and the trust established by the Plan) is qualified under the appropriate section of the internal revenue code and we intend to continue as a qualified plan (and trust). The Plan sponsor has operated the Plan in a manner that did not jeopardize this tax status.
30. The single-employer OPEB Plan has complied with the Department of Labor's regulations concerning the timely remittance of participants' contributions to trusts containing assets of the Plan.
31. The single-employer OPEB Plan's management has obtained and reviewed the relevant service auditor's SOC-1 reports and management is performing the applicable user control.

Information Provided

32. We have provided you with:

a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
b. Additional information that you have requested from us for the purpose of the audit; and
c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

33. All transactions have been recorded in the accounting records and are reflected in the financial statements.
34. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
35. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
    a. Management;
    b. Employees who have significant roles in internal control; or
    c. Others where the fraud could have a material effect on the financial statements.
36. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
37. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
38. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
39. We have a process to track the status of audit findings and recommendations.
40. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
41. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
42. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
43. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.
44. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
45. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
46. We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.

47. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
48. There are no:
    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
49. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
50. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
51. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
52. We have conducted a comprehensive risk assessment and determined that no material concentrations or constraints are required to be disclosed in accordance with GASB Statement No. 102, *Certain Risk Disclosures.* These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the City's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
53. We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events, if any.

Supplementary Information in Relation to the Financial Statements as a Whole

54. With respect to the supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

55. With respect to the required supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
    b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Victor Cardenas, City Manager

Sabrina Lilla

Sabrina Lilla, Deputy Finance Director

CITY OF NOVI, MICHIGAN

Schedule of Adjustments Passed (SOAP)

For the June 30, 2025 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	**Liabilities**	**Beginning Equity**	**Revenues**	**Expenses/ Expenditures**
Governmental activities					
Prior period adjustment for the implementation of GASB 101, *Compensated Absences*	$ -	$ -	$ 170,905	$ -	$ 170,905
Misstatement as a percentage of total assets - governmental activities	0.0%	0.0%	0.1%	0.0%	0.1%

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 25, 2025

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Novi, Michigan*** (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Rehmann
WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK HLB
675 Robinson Road, Jackson, MI 49203 517.787.6503

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Robson LLC