



BUILDING

COMMUNITY

TOGETHER



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City of Novi, Michigan

Year Ended
June 30, 2024

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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November 26, 2024

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

CITY COUNCIL

Mayor
Justin Fischer

Mayor Pro Tem
Laura Marie Casey

David Staudt

Brian Smith

Ericka Thomas

Matt Heintz

Priya Gurumurthy

City Manager
Victor Cardenas

City Clerk
Cortney Hanson

We are pleased to submit the Annual Comprehensive Financial Report of the City of Novi for the fiscal year ended June 30, 2024. This report is prepared for the purpose of disclosing the City’s financial condition to its residents, elected officials and other interested parties. The financial statements contain all disclosures necessary to enable the reader to gain an understanding of the City’s financial activities. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial affairs have been included.

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

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

Profile of the Government

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

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

cityofnovi.org

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

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

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

The City of Novi prepares budgets in accordance with the Michigan Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended. Under the direction of the City Manager, the Finance Director prepares an initial projection of revenue for the next fiscal year. Spending priorities are then established based upon the City's financial policies and mandated requirements. 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 2024 and budgeted in fiscal year 2025. The City's General Fund original budget had a use of fund balance of \$812,770. The amended budget forecasted a net decrease to fund balance of \$3,031,754 with the General Fund ending Fiscal Year 2024 with a net decrease of \$2,361,003 to fund balance. The amended budget accounted for an increase in use of fund balance due to \$3 million of budget rollovers from fiscal year 2023 for contracts/commitments the City entered into that were not completed as of June 30, 2024, \$251,000 for MERS transfer policy change, \$250,000 related to the settlement of the fire contract, \$163,000 for Fire Station 2 and 3 generators and \$155,000 for fire truck repairs. While the forementioned amendments were increases to expenditures the City also had amendments with provided for savings and increase to revenue. Examples include: \$49,000 savings in the economic development director vacancy, \$174,000 reductions in the transfer to Parks, Recreation and Culture Fund for the reduction in Older Adults Service vehicle purchases, decrease of \$25,000 transfer to EDC, overall department savings of \$677,000 and a \$600,000 increase to interest income. The expenditure savings from budget to actual as of June 30, 2024 is mostly due to the Forfeiture Fund not needing a \$200,000 transfer from the General Fund. In addition, total revenue from licenses, permits and charges for services as well as interest income both came in higher than budget by a grand total of approximately \$309,000.

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:

- New residential construction valued at \$20,376,156, new commercial construction valued at \$82,019,128 for a grand total of new construction of \$102,395,284.
- 130 plus foreign-owned firms from 20 plus different countries call Novi home.
- Asahi Kasei American, a Japanese producer of chemicals and materials, announced a relocation from New York to Novi. The regional headquarters will take over a 14,403 square foot facility in the City.
- BLM Group USA, a global leader in tube and sheet metal processing machine solutions, announced plans to expand its Novi headquarters for North America with a newly 65,000 square foot expansion.
- Sakura Novi off Grand River Avenue has begun development. 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.
- Autosystems America, Inc. is expanding in Novi creating 97 jobs. The company, a division of Magna International plans to establish its Center of Excellence for Lighting at an existing facility in Novi. The company plans to invest \$2.45 million.

- Additional projects include:
 - o Fountain View, three medical office buildings with a total of 49,965 square feet space.
 - o Trek Addition with 27,734 square foot warehouse addition to the existing 15,550 square foot Trek, Inc. Building.

Novi remains strong with a diverse tax mix of residential, manufacturing, office, service and technology, and retail-recreational centers and continues to provide a stable environment to attract new investment within Novi. Novi remains on sound financial footing despite the prevailing tough economic conditions because of continued focus on core strategies and investments within our community that have produced sound financial results and satisfied citizen perceptions (National Citizen Survey). In 2022, Novi was named #10 Best Places to Live for Families in the US by Forbes Magazine. Niche.com also rated Novi as the 3rd best places to live in the State of Michigan in 2024.

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 minimum reserve as a percentage of budgeted expenditures of 22-25% in the General Fund, 10-20% individually and collectively amongst the three road funds, 12-22% for Parks and Recreation, and varying reserves for the remaining special revenue funds dependent on the funds yearly activity and capital needs. 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, 2025.

Debt Policy

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

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

Investment Policy

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

Long-term Financial Planning

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

The 2020 Census numbers were released in August 2021. Novi's population increased to 66,243, up from the 2010 Census which report a population at 55,224, or a 20% increase. The Census data is required to be used for the Constitutional portion of State Shared Revenue distributions. 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, 2024, Novi's reliance on revenue sharing payments represents 17.3% of total General Fund revenues or \$7,425,525. Novi's revenue sharing distribution increased \$81,600 or 1% 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, 2024, **debt obligations were reduced by \$2,740,000 from the prior fiscal year.** Total direct debt at June 30, 2024 was \$6,045,000.

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 2024 the CIP millage was used to provide for Jessica’s splash pad at Bosco Field and purchase of two large properties. One of the properties is adjacent to ITC Park and the other by Lee Begole Drive and 11 Mile Road.

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, 2023. This was the 26th year that the City of Novi has received this prestigious award.

Acknowledgements

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

Respectfully submitted,



Carl Johnson
Finance Director/Treasurer



Sabrina Lilla
Deputy Finance Director

CITY OF NOVI, MICHIGAN

List of Principal Officials

Title	Name
Mayor	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	Ericka Thomas
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
Deputy Director of Communications	Damon Parnell
Economic Development Director	Vacant
Public Works Director	Jeff Herczeg
Public Works Deputy Director	Megan Mikus
Chief Information Officer	Robert L. Petty
Community Development Director	Charles S. Boulard
Community Development Deputy Director	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	Carl Johnson
Deputy Finance Director	Sabrina Lilla
Assistant Treasurer	Tina Glenn

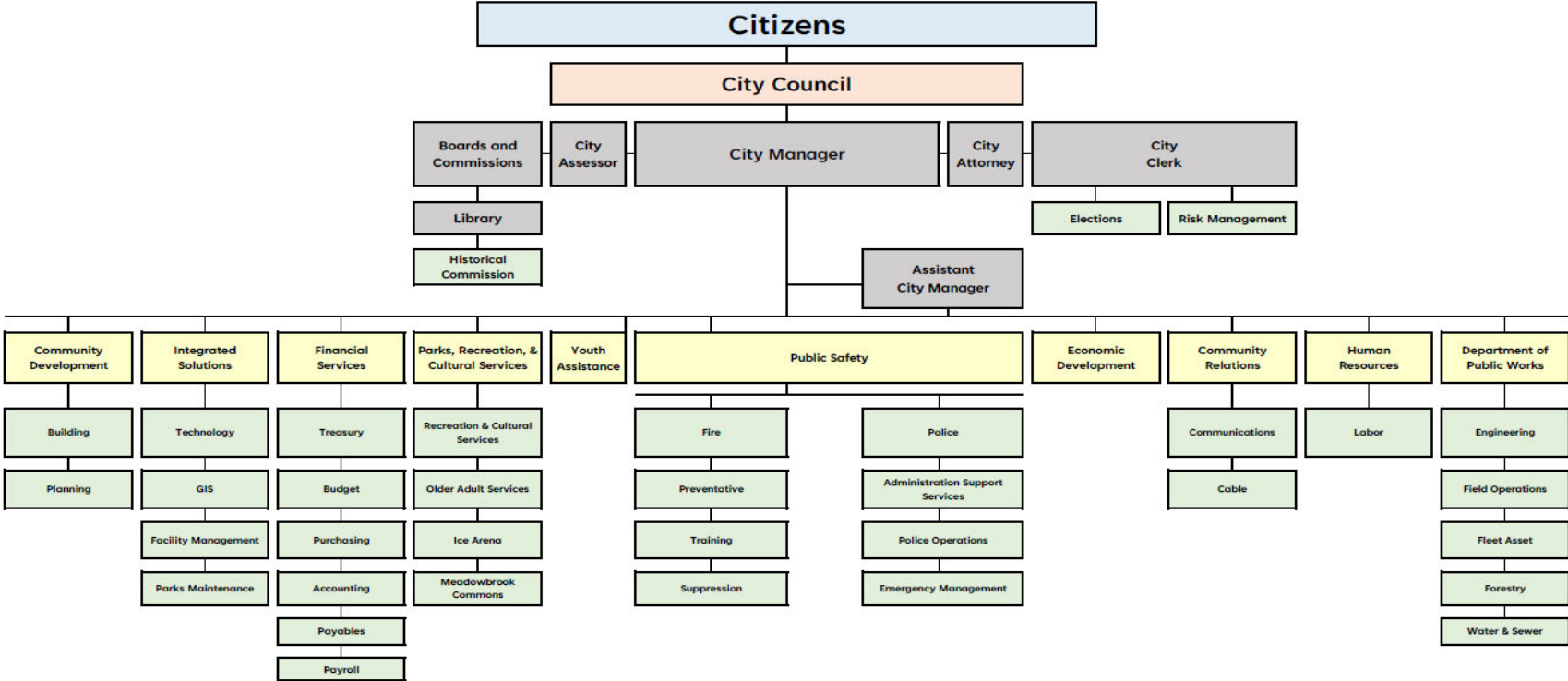
CITY OF NOVI, MICHIGAN
Organizational Chart

NOVI DIAGRAM



CITY OF NOVI, MICHIGAN

Organizational Chart



CITY OF NOVI, MICHIGAN

Fund Organization Chart

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Component Units

Economic Development Corporation Corridor Improvement Authority
--



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Novi
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

November 26, 2024

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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in 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 26, 2024, 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

As management of the City of Novi, Michigan (the "City"), we offer readers an overview of the City's financial activities for the fiscal year ended June 30, 2024. 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	\$ 421,140,697
· Change in total net position	16,192,542
· Fund balances, governmental funds	42,160,107
· Change in fund balances, governmental funds	(3,020,865)
· Unassigned fund balance, general fund	11,483,859
· Change in fund balance, general fund	(2,361,003)
· Total general obligation bonds outstanding	6,301,061
· Change in general obligation bonds	(2,868,030)

Overview of the Financial Statements

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

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

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

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

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

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

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

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

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

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

Information for each of the City's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund 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, ice arena, and senior housing operations enterprise funds, which are considered to be major funds of the City, and the internal service fund.

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

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

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

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

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

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$421,140,697 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 59,098,594	\$ 61,406,259	\$ 38,431,252	\$ 49,650,291	\$ 97,529,846	\$ 111,056,550
Capital assets, net	212,289,813	195,858,680	180,055,801	172,161,373	392,345,614	368,020,053
Net other postemployment benefit asset	8,363,132	3,978,965	258,654	123,061	8,621,786	4,102,026
Total assets	279,751,539	261,243,904	218,745,707	221,934,725	498,497,246	483,178,629
Deferred outflows of resources	9,983,900	12,959,964	301,498	391,112	10,285,398	13,351,076
Long-term liabilities	54,933,998	55,432,314	3,563,872	5,040,151	58,497,870	60,472,465
Other liabilities	13,570,244	14,400,626	6,001,044	7,889,388	19,571,288	22,290,014
Total liabilities	68,504,242	69,832,940	9,564,916	12,929,539	78,069,158	82,762,479
Deferred inflows of resources	6,169,362	5,414,664	3,403,427	3,404,407	9,572,789	8,819,071
Net position:						
Net investment in capital assets	206,020,929	190,523,575	176,175,141	168,641,373	382,196,070	359,164,948
Restricted	47,435,582	38,880,938	258,654	127,404	47,694,236	39,008,342
Unrestricted (deficit)	(38,394,676)	(30,448,249)	29,645,067	37,223,114	(8,749,609)	6,774,865
Total net position	\$ 215,061,835	\$ 198,956,264	\$ 206,078,862	\$ 205,991,891	\$ 421,140,697	\$ 404,948,155

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

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

The City's assets and deferred outflows of resources increased approximately \$12.3 million from the prior year. This is largely due to the following:

- Net other postemployment benefit (OPEB) asset increased from \$4,102,026 to \$8,621,786 for an increase of \$4,519,760. Good market conditions accounted for the OPEB increase. Net change in fair value of investments was an increase of \$3,721,980 in fiscal year 2024. In the prior year the net change in fair value of investments was an increase of \$2,786,324.
- Total net capital assets increased from fiscal year 2023 to fiscal year 2024 by a total of \$24,325,561. The City prides itself on maintaining its capital assets and providing new and improved assets to its residents. Noteworthy asset additions include land purchases at ITC/8 Mile Road and at 11 Mile/Lee Begole Drive, Jessica's Splash Pad, Industrial Business Road improvement, Flint Street/Ring Road, sanitary sewer improvements, Safe Route to Schools sidewalks, pathways and ADA improvements, Studio 6, vactor purchase, roof replacement at fire station #4, window replacement on ranch housing at Meadowbrook Commons and various vehicle and machinery and equipment purchases.

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

- Accounts payable and accrued liabilities decreased from \$14,468,873 to \$11,586,399 in fiscal year 2024. The majority of the decrease is due to the timing of when the City received construction invoices compared to when they are paid.
- Total general obligation bonds decreased by \$2,740,000. Total debt outstanding at June 30, 2024 is \$6,045,000.

The City's net position increased by \$16,192,542 from the prior year net position, compared to the prior year's \$8,778,358 increase. This is largely due to the City's continued investment in capital investments. The net capital investment in capital assets increased \$23.0 million from fiscal year 2023 to 2024.

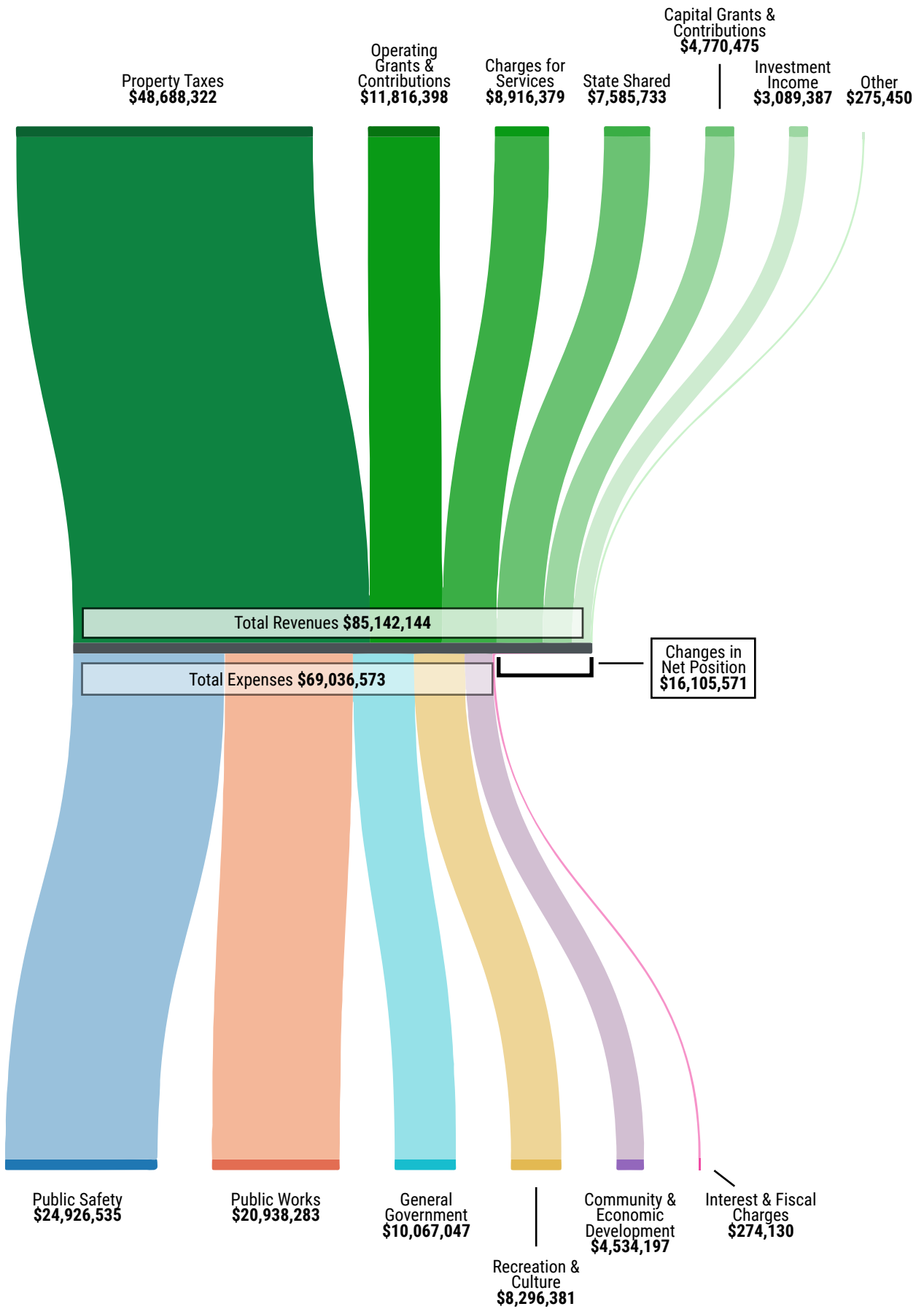
CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 8,916,379	\$ 8,479,986	\$ 30,645,852	\$ 30,902,312	\$ 39,562,231	\$ 39,382,298
Operating grants and contributions	11,816,398	10,534,659	150,000	-	11,966,398	10,534,659
Capital grants and contributions	4,770,475	2,297,078	3,953,534	2,743,881	8,724,009	5,040,959
General revenues:						
Property taxes	48,688,322	46,116,218	-	-	48,688,322	46,116,218
State shared revenues	7,585,733	7,480,045	-	-	7,585,733	7,480,045
Investment income	3,089,387	911,429	1,615,951	858,208	4,705,338	1,769,637
Other	275,450	680,610	-	-	275,450	680,610
Total revenues	85,142,144	76,500,025	36,365,337	34,504,401	121,507,481	111,004,426
Expenses						
General government	10,067,047	11,863,462	-	-	10,067,047	11,863,462
Public safety	24,926,535	24,526,976	-	-	24,926,535	24,526,976
Public works	20,938,283	20,604,227	-	-	20,938,283	20,604,227
Community and economic development	4,534,197	3,134,666	-	-	4,534,197	3,134,666
Recreation and culture	8,296,381	7,248,812	-	-	8,296,381	7,248,812
Interest and fiscal charges	274,130	256,768	-	-	274,130	256,768
Water and sewer	-	-	32,610,624	31,163,262	32,610,624	31,163,262
Ice arena	-	-	2,186,402	1,998,428	2,186,402	1,998,428
Senior housing	-	-	1,481,340	1,429,467	1,481,340	1,429,467
Total expenses	69,036,573	67,634,911	36,278,366	34,591,157	105,314,939	102,226,068
Change in net position	16,105,571	8,865,114	86,971	(86,756)	16,192,542	8,778,358
Net position:						
Beginning of year	198,956,264	190,091,150	205,991,891	206,078,647	404,948,155	396,169,797
End of year	\$ 215,061,835	\$ 198,956,264	\$ 206,078,862	\$ 205,991,891	\$ 421,140,697	\$ 404,948,155

Governmental activities. Governmental activities increased the City's net position by \$16,105,571 (as compared to a prior year increase of \$8,865,114). Key elements of this increase and the change from the prior year include:

- The fluctuation in total investment income. The volatility in the market caused an increase in investment income from \$911,429 in fiscal year 2023 to \$3,089,387 in fiscal year 2024.
- Property taxes increased 5.6% or \$2,572,104 from fiscal year 2023 to fiscal year 2024. The inflation rate multiplier of 5% for the current year in addition to new construction and uncapping of property values allowed for the increase.
- Capital contributions from MDOT (cost sharing projects with MDOT) and developer donated assets increased by \$2,273,397 from fiscal year 2023 to 2024.
- Total expenses were higher than the prior year by \$1.4 million. This is largely due to \$359,000 increase in depreciation expense on capital assets. In addition, parks and recreation and library programs are returning to pre-pandemic participation levels. An increase in participation have increased programs costs.

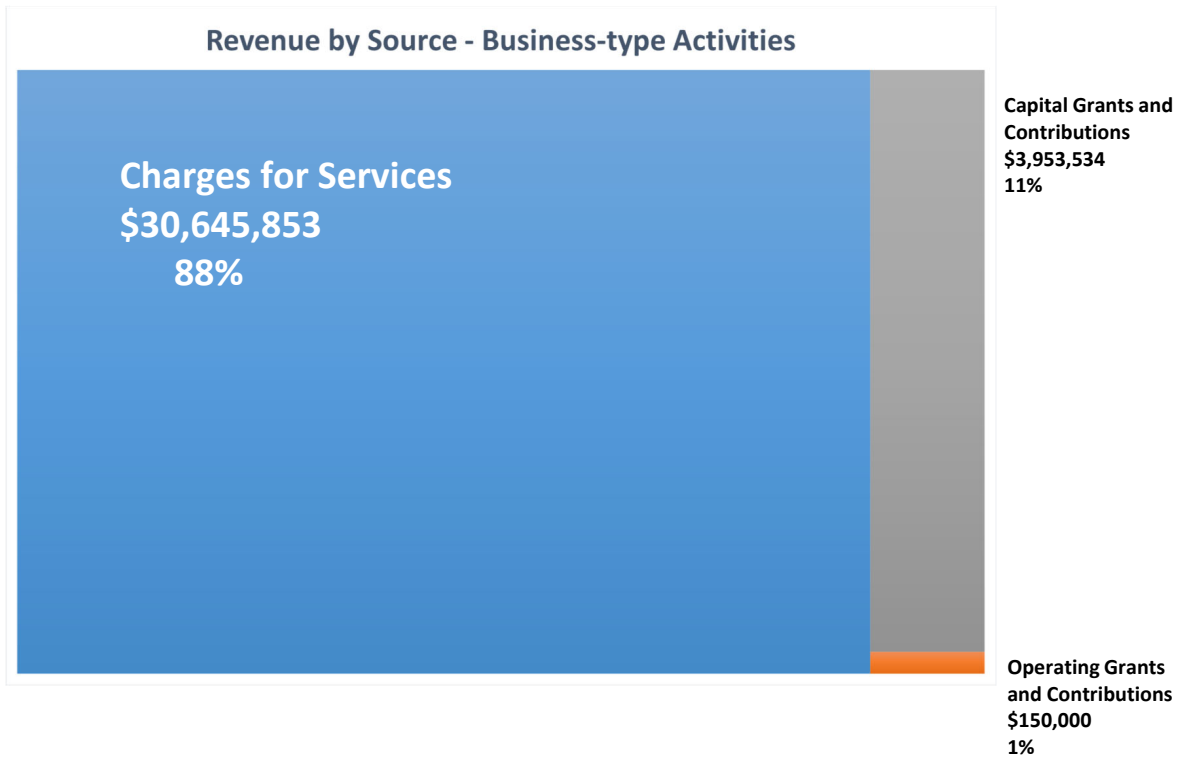


CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

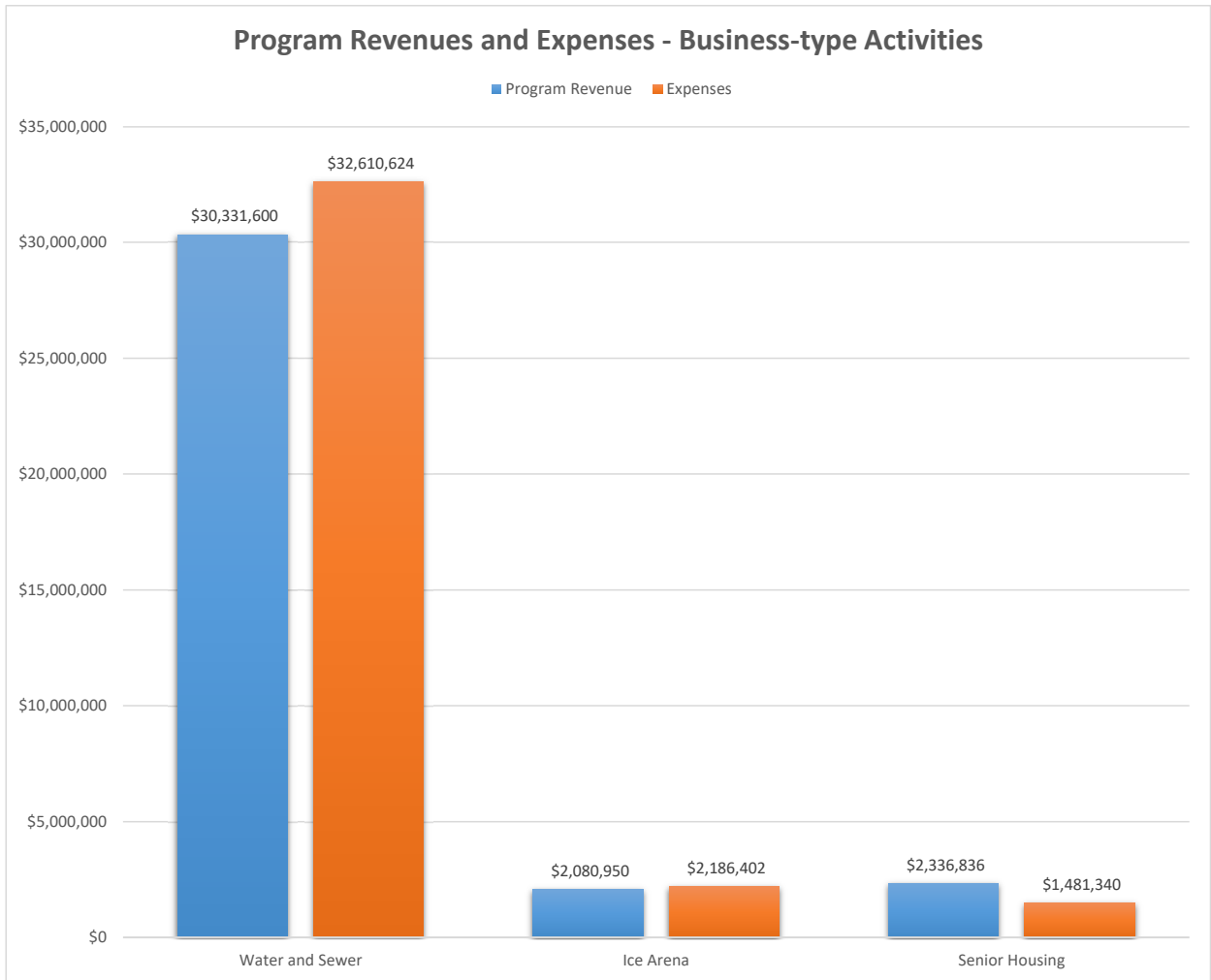
Business-type activities. Business-type activities increased the City's net position by \$86,971, as compared to a decrease of \$86,756 in the prior year. Key elements of this decrease and the change from the prior year include:

- The fluctuation in total investment income. The volatility in the market caused an increase in investment income from \$858,208 in fiscal year 2023 to \$1,615,951 in fiscal year 2024.



CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis



Financial Analysis of the City's Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,160,107, a decrease of \$3,020,865. The nonspendable portion of fund balance increased from \$7,464,804 to \$7,674,048. 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 (\$629,201); and
- for perpetual drain fund maintenance (\$7,044,847).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$11,483,859, while total fund balance was \$12,084,391. As of June 30, 2024, the unassigned fund balance represented 95.0% of total fund balance.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

The fund balance of the City's general fund decreased by \$2,361,003 during the current fiscal year. This can be attributed to \$3 million of budget rollovers from fiscal year 2023 for contracts/commitments the City entered into that were not completed as of June 30, 2024.

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 \$9,051,104 at year end. The fund balance decreased from prior year in the amount of \$5,356,036, compared to an increase of \$1,126,284 in the prior year. This is largely due to \$7 million of land purchases. One property is located at ITC Park and 8 Mile Road. The other land purchase was at 11 Mile and Lee Begole Drive. In addition, the City opened its first splash pad at Bosco Park.

Total net position of the water and sewer fund at the end of the year amounted to \$191,521,091. Of this amount, \$163,846,311 represents the investment in capital assets and \$27,416,126 represents unrestricted net position. The fund had a decrease in total net position for the year of \$932,905. This decrease is largely due to \$388,000 in costs for PCCP transmission main condition assessment project taking place during fiscal year 2024. In addition, the City had an increase of \$626,360 in sewer costs from Oakland County Water Resource Commission.

Total net position of the ice arena fund at the end of the year amounted to \$5,201,855. Of this amount, \$4,425,854 represents the net investment in capital assets and \$776,001 represents unrestricted net position. The fund had an increase in total net position for the year of \$42,697. This increase is largely due to the ice arena activity returning to pre-pandemic levels. Program revenues were up from fiscal year 2023 to 2024. While program expenditures were also increased the revenues exceeded the costs.

Total net position of the senior housing fund at the end of the year amounted to \$9,200,068. Of this amount, \$7,902,976 represents the net investment in capital assets and \$1,297,092 represents unrestricted net position. The fund had an increase in total net position for the year of \$925,163. This increase is largely due to \$150,000 grant for the pickleball courts located at Meadowbrook Commons. The City continues to budget the senior housing fund to allow for savings and future capital improvements.

Total net position of the internal service fund at the end of the year amounted to \$2,597,780, all of which is unrestricted. The fund had an increase in total net position for the year of \$979,659. The City became self-insured for its HAP non-Medicare employees and retirees. The activity of the self-insurance is tracked in the internal service fund. The illustrative rates charged to the other funds for coverage related to HAP policies exceeded the actual health and prescription costs for those members covered resulting in an increase to net position. The unrestricted net position will be used as a claims reserve fund as well as used to offset future cost increases and/or reduce employee monthly contributions toward their premiums.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

The fiscal year 2024 general fund original budget estimated expenditures and other financing uses to be greater than revenues and other financing sources (decrease in fund balance) by \$812,770. The final amended budget estimated revenues and other financing sources to be \$1,432,310 more than the original budget, and expenditures and other financing uses that were \$3,651,294 more than the original budget. Significant budget amendments included:

- \$3 million of budget rollovers from fiscal year 2023 for contracts/commitments the City entered into that were not completed as of June 30, 2024
- \$251,000 for MERS transfer policy change
- \$250,000 related to the settlement of the fire contract
- \$163,000 for Fire Station 2 and 3 generators and \$155,000 for fire truck repairs
- \$174,000 reductions in the transfer to parks, recreation and culture fund for the reduction in older adults service vehicle purchases
- Overall department savings of \$677,000
- \$1.4 million increase to interest income

The fiscal year 2024 general fund amended budget estimated expenditures and other financing uses to be more than revenues and other financing sources (decrease in fund balance) by \$3,031,754. The actual expenditures and other financing uses were more than revenues and other financing sources (decrease of fund balance) by \$2,361,003.

Revenues and other financing sources were \$477,437 more than expected primarily due to:

- Building permits being higher than expected. During the pandemic, the City saw a significant decrease in building revenue. That trend continued for several years leading the City to budget building revenues conservatively. Building revenue exceeded budget by \$133,000 in fiscal year 2024.
- Interest income exceeded budget by \$175,652 due to positive economic conditions during fiscal year 2024.

Expenditures and other financing uses were \$193,314 less than expected primarily due to:

- The general fund had originally budgeted a \$200,000 transfer to the forfeiture fund to assist with the funding of police vehicle replacements. The forfeiture fund did not need the funds during fiscal year 2024.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$392,345,614 (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 8.4% and for business-type activities increased by 4.6%.

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 41,721,141	\$ 33,791,141	\$ 2,272,256	\$ 2,272,256	\$ 43,993,397	\$ 36,063,397
Construction in progress	17,254,846	11,831,437	17,350,786	17,303,657	34,605,632	29,135,094
Roads	74,986,805	77,378,225	-	-	74,986,805	77,378,225
Nonmotorized pathway improvements	10,377,661	8,084,126	-	-	10,377,661	8,084,126
Bridges	401,108	489,383	-	-	401,108	489,383
Drains	9,434,259	9,161,530	-	-	9,434,259	9,161,530
Buildings and improvements	36,627,768	36,741,369	18,368,459	17,624,315	54,996,227	54,365,684
Machinery and equipment	7,067,196	6,768,043	1,223,136	915,023	8,290,332	7,683,066
Land improvements	11,074,866	8,558,504	2,534,028	2,617,877	13,608,894	11,176,381
Library books	3,154,150	3,054,922	-	-	3,154,150	3,054,922
Lease equipment	65,860	-	-	-	65,860	-
Subscription assets	124,153	-	-	-	124,153	-
Water and sewer distribution systems	-	-	138,307,136	131,428,245	138,307,136	131,428,245
Total	\$ 212,289,813	\$ 195,858,680	\$ 180,055,801	\$ 172,161,373	\$ 392,345,614	\$ 368,020,053

Major capital asset events during the current fiscal year included:

- \$7 million for the purchase of two land parcels; property adjacent to ITC Park and the other at Lee Begole Drive and 11 Mile Road
- \$5 million in improvements to Howell Walled Lake Sanitary Sewer Substation and Walled Lake District Sanitary Sewer Restoration
- \$2.5 million Jessica's splash pad
- \$2.6 million in pathway and ADA improvements and safe route to schools sidewalk initiative
- \$11.5 million in road improvements
- \$3.9 million in building and improvements and machinery and equipment purchases
- \$2.3 million in drains

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

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

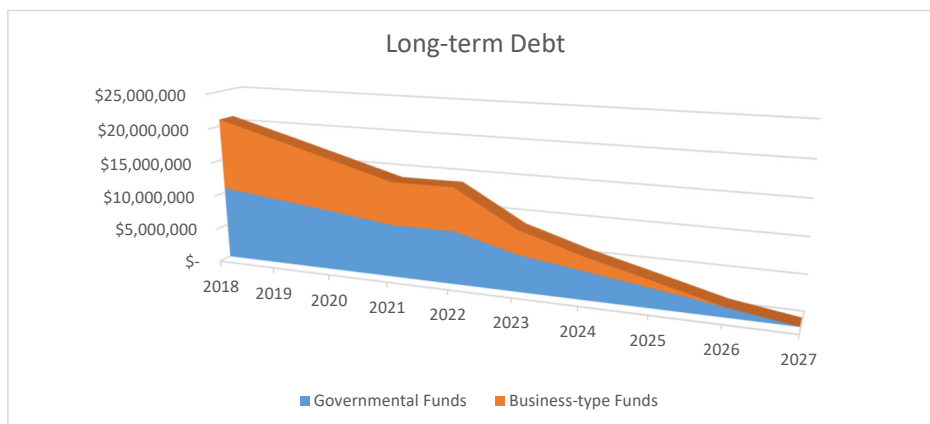
Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$6,045,000. Of this amount, \$4,025,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

	General Obligation and Revenue Bonds					
	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 4,025,000	\$ 5,265,000	\$ 2,020,000	\$ 3,520,000	\$ 6,045,000	\$ 8,785,000
Unamortized premium	256,061	384,091	-	-	256,061	384,091
Compensated absences	2,853,596	2,545,966	71,142	59,205	2,924,738	2,605,171
Total	\$ 7,134,657	\$ 8,195,057	\$ 2,091,142	\$ 3,579,205	\$ 9,225,799	\$ 11,774,262

The City's total bonded debt decreased by \$2,740,000 (31.2 percent) during the current fiscal year as a result of scheduled debt payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The City's current outstanding general obligation debt is substantially below the current debt limit of \$559,948,276.

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 2025, has general fund revenues greater than expenditures of \$745,111. 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 allocate the cost of the new salt down between the general fund and two other funds, postpone a year of light duty vehicle purchases, not fill two open positions for personnel savings, and postpone the civic center generator replacement until a future year.
- The 2025 fiscal year approved tax millage rate remained at 10.5376 from fiscal year 2024. The total general fund tax revenue is expected to increase \$1.5 million or 5.4%.
- State Shared Revenues and Act 51 revenues are both expected to increase slightly due to the population factor used in the formula calculation. The City's population increased from 55,224 in 2010 to 66,243 in 2020.
- Licenses, permits and charges for services have started to rebound from the COVID pandemic years. The City has continued to be conservative in estimated revenues with only a slight increase from fiscal year 2024 estimates to fiscal year 2025 budget projections.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

- The City continues to place an importance on its infrastructure in fiscal year 2025. The City has \$28,379,082 of budgeted costs in its capital improvement plan for fiscal year 2025. The CIP includes \$12.6 million of road improvements, \$400,000 of sidewalks and pathways, \$3.6 million of storm sewer and drainage projects, \$8.9 million of water distribution improvements, \$500,000 in parks projects, \$2 million in building and property developments, and \$447,000 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, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 660,592	\$ 238,011	\$ 898,603	\$ 113,956
Investments	53,540,820	24,170,892	77,711,712	-
Receivables	4,710,017	10,815,848	15,525,865	791
Advance to component unit	2,356,157	-	2,356,157	-
Internal balances	(2,955,848)	2,955,848	-	-
Other assets	786,856	250,653	1,037,509	-
Net other postemployment benefit asset	8,363,132	258,654	8,621,786	-
Capital assets not being depreciated/amortized	58,975,987	19,623,042	78,599,029	35,000
Capital assets being depreciated/amortized, net	153,313,826	160,432,759	313,746,585	3,648,956
Total assets	279,751,539	218,745,707	498,497,246	3,798,703
Deferred outflows of resources				
Deferred charge on refunding	235,490	-	235,490	-
Deferred pension amounts	7,110,389	219,909	7,330,298	-
Deferred other postemployment benefit amounts	2,638,021	81,589	2,719,610	-
Total deferred outflows of resources	9,983,900	301,498	10,285,398	-
Liabilities				
Accounts payable and accrued liabilities	5,838,241	5,748,158	11,586,399	-
Refundable deposits	7,669,931	252,886	7,922,817	-
Unearned revenue	62,072	-	62,072	-
Advance from primary government	-	-	-	2,356,157
Bonds and other long-term liabilities:				
Due within one year	3,776,004	1,071,142	4,847,146	-
Due in more than one year	3,539,733	1,020,000	4,559,733	-
Net pension liability (due in more than one year)	47,618,261	1,472,730	49,090,991	-
Total liabilities	68,504,242	9,564,916	78,069,158	2,356,157
Deferred inflows of resources				
Deferred pension amounts	517,418	16,003	533,421	-
Deferred other postemployment benefit amounts	4,977,686	153,949	5,131,635	-
Deferred lease amounts	674,258	3,233,475	3,907,733	-
Total deferred inflows of resources	6,169,362	3,403,427	9,572,789	-
Net position				
Net investment in capital assets	206,020,929	176,175,141	382,196,070	1,327,799
Restricted for:				
Roads	17,128,139	-	17,128,139	-
Public safety	1,225,176	-	1,225,176	-
Community and economic development	26,281	-	26,281	-
Debt service	526,741	-	526,741	-
Infrastructure improvements	5,658,739	-	5,658,739	-
Parks, recreation, and cultural services	1,359,546	-	1,359,546	-
Library	4,240,620	-	4,240,620	-
Tree replacement and maintenance	1,772,271	-	1,772,271	-
Street lighting improvement	90,090	-	90,090	-
Perpetual drain maintenance	7,044,847	-	7,044,847	-
Other postemployment benefits	8,363,132	258,654	8,621,786	-
Unrestricted (deficit)	(38,394,676)	29,645,067	(8,749,609)	114,747
Total net position	\$ 215,061,835	\$ 206,078,862	\$ 421,140,697	\$ 1,442,546

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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 10,067,047	\$ 3,205,368	\$ 408,238	\$ -	\$ (6,453,441)
Public safety	24,926,535	1,130,754	505,449	-	(23,290,332)
Public works	20,938,283	2,230,290	9,856,985	4,570,475	(4,280,533)
Community and economic development	4,534,197	291,987	176,833	-	(4,065,377)
Recreation and culture	8,296,381	2,057,980	868,893	200,000	(5,169,508)
Interest and fiscal charges	274,130	-	-	-	(274,130)
Total governmental activities	69,036,573	8,916,379	11,816,398	4,770,475	(43,533,321)
Business-type activities:					
Water and sewer	32,610,624	26,378,066	-	3,953,534	(2,279,024)
Ice arena	2,186,402	2,080,950	-	-	(105,452)
Senior housing	1,481,340	2,186,836	150,000	-	855,496
Total business-type activities	36,278,366	30,645,852	150,000	3,953,534	(1,528,980)
Total primary government	\$ 105,314,939	\$ 39,562,231	\$ 11,966,398	\$ 8,724,009	\$ (45,062,301)
Component units					
Economic Development Corporation	\$ 17,225	\$ -	\$ -	\$ -	\$ (17,225)
Corridor Improvement Authority	232,833	-	-	-	(232,833)
Total component units	\$ 250,058	\$ -	\$ -	\$ -	\$ (250,058)

continued...

CITY OF NOVI, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net expense	\$ (43,533,321)	\$ (1,528,980)	\$ (45,062,301)	\$ (250,058)
General revenues:				
Property taxes	48,688,322	-	48,688,322	716,752
State shared revenues	7,585,733	-	7,585,733	-
Investment income	3,089,387	1,615,951	4,705,338	4,271
Other	275,450	-	275,450	25,000
Total general revenues	59,638,892	1,615,951	61,254,843	746,023
Change in net position	16,105,571	86,971	16,192,542	495,965
Net position, beginning of year	198,956,264	205,991,891	404,948,155	946,581
Net position, end of year	<u>\$ 215,061,835</u>	<u>\$ 206,078,862</u>	<u>\$ 421,140,697</u>	<u>\$ 1,442,546</u>

concluded.

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

CITY OF NOVI, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2024

	General Fund	Capital Improvement Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 39,028	\$ -	\$ 620,886	\$ 659,914
Investments	12,746,664	108,058	38,208,960	51,063,682
Receivables:				
Accrued interest	261,134	-	-	261,134
Leases	674,258	-	-	674,258
Other	506,903	100,000	454,665	1,061,568
Due from other governments	1,237,360	-	1,406,388	2,643,748
Due from other funds	6,293,320	-	-	6,293,320
Advances to component units	-	-	2,356,157	2,356,157
Prepaid items and other assets	597,804	-	31,397	629,201
Total assets	<u>\$ 22,356,471</u>	<u>\$ 208,058</u>	<u>\$ 43,078,453</u>	<u>\$ 65,642,982</u>
Liabilities				
Accounts payable	\$ 1,040,503	\$ 166,843	\$ 3,088,460	\$ 4,295,806
Accrued salaries and wages	757,450	-	102,412	859,862
Other accrued liabilities	77,900	10,100	360,223	448,223
Refundable deposits	7,666,206	-	3,725	7,669,931
Unearned revenue	46,872	-	15,200	62,072
Advances from other funds	-	2,800,000	-	2,800,000
Due to other funds	-	6,282,219	11,101	6,293,320
Total liabilities	<u>9,588,931</u>	<u>9,259,162</u>	<u>3,581,121</u>	<u>22,429,214</u>
Deferred inflows of resources				
Unavailable revenue - grants	-	-	26,281	26,281
Unavailable revenue - other	8,891	-	344,231	353,122
Deferred lease amounts	674,258	-	-	674,258
Total deferred inflows of resources	<u>683,149</u>	<u>-</u>	<u>370,512</u>	<u>1,053,661</u>
Fund balances				
Nonspendable:				
Prepaid items and other assets	597,804	-	31,397	629,201
Perpetual drain maintenance	-	-	7,044,847	7,044,847
Restricted:				
Roads	-	-	15,701,802	15,701,802
Public safety	2,728	-	737,678	740,406
Debt service	-	-	563,141	563,141
Infrastructure improvements	-	-	5,630,237	5,630,237
Parks, recreation, and cultural services	-	-	1,064,338	1,064,338
Library	-	-	4,236,075	4,236,075
Tree replacement and maintenance	-	-	1,756,471	1,756,471
Street lighting improvement	-	-	90,090	90,090
Committed -				
Infrastructure improvements	-	-	2,308,777	2,308,777
Unassigned (deficit)	11,483,859	(9,051,104)	(38,033)	2,394,722
Total fund balances	<u>12,084,391</u>	<u>(9,051,104)</u>	<u>39,126,820</u>	<u>42,160,107</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,356,471</u>	<u>\$ 208,058</u>	<u>\$ 43,078,453</u>	<u>\$ 65,642,982</u>

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

CITY OF NOVI, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Fund balances - total governmental funds \$ 42,160,107

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	58,975,987
Capital assets being depreciated/amortized, net	153,313,826

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	379,403
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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	2,597,780
Portion of internal service fund net position attributed to business-type activities	(155,848)

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	(36,900)
Bonds payable	(4,025,000)
Lease liability	(67,945)
Subscription liability	(113,135)
Unamortized bond premium	(256,061)
Accrued compensated absences	(2,853,596)
Unamortized deferred charge on refunding	235,490
Claims and judgments	(90,450)

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	(47,618,261)
Deferred outflows related to the net pension liability	7,110,389
Deferred inflows related to the net pension liability	(517,418)
Net other postemployment benefit asset	8,363,132
Deferred outflows related to the net other postemployment benefit asset	2,638,021
Deferred inflows related to the net other postemployment benefit asset	(4,977,686)

Net position of governmental activities \$ 215,061,835

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, 2024

	General Fund	(Formerly Major Fund) Local Street Fund	Capital Improvement Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 28,319,606		\$ 4,377,501	\$ 15,991,215	\$ 48,688,322
Special assessments	-		-	35,829	35,829
Licenses, permits, and charges for services	3,611,997		-	2,648,677	6,260,674
Intergovernmental:					
Federal grants	139,760		-	214,175	353,935
State-shared revenue and grants	7,672,326		200,000	8,786,137	16,658,463
Other grants	-		-	484,337	484,337
Fines and forfeitures	237,599		-	321,045	558,644
Investment income	2,124,414		46,061	1,998,869	4,169,344
Other:					
Local donations	10,650		-	148,334	158,984
Recreational programs	-		-	2,057,980	2,057,980
Miscellaneous	757,510		-	317,707	1,075,217
Total revenues	<u>42,873,862</u>		<u>4,623,562</u>	<u>33,004,305</u>	<u>80,501,729</u>
Expenditures					
Current:					
General government	10,779,674		7,608,888	6,165	18,394,727
Public safety	24,402,137		16,232	452,469	24,870,838
Public works	3,442,447		-	19,241,284	22,683,731
Community and economic development	4,403,846		-	1,047,150	5,450,996
Recreation and culture	44,412		2,200,966	8,481,940	10,727,318
Debt service:					
Principal	66,782		-	1,240,000	1,306,782
Interest and fiscal charges	9,652		153,512	172,900	336,064
Total expenditures	<u>43,148,950</u>		<u>9,979,598</u>	<u>30,641,908</u>	<u>83,770,456</u>
Revenues over (under) expenditures	<u>(275,088)</u>		<u>(5,356,036)</u>	<u>2,362,397</u>	<u>(3,268,727)</u>
Other financing sources (uses)					
Issuance of other long-term liabilities	247,862		-	-	247,862
Transfers in	-		-	9,030,243	9,030,243
Transfers out	(2,333,777)		-	(6,696,466)	(9,030,243)
Total other financing sources (uses)	<u>(2,085,915)</u>		<u>-</u>	<u>2,333,777</u>	<u>247,862</u>
Net change in fund balances	<u>(2,361,003)</u>		<u>(5,356,036)</u>	<u>4,696,174</u>	<u>(3,020,865)</u>
Fund balances (deficits), beginning of year, as previously reported	14,445,394	\$ 1,092,449	(3,695,068)	33,338,197	45,180,972
Change within financial reporting entity	-	(1,092,449)	-	1,092,449	-
Fund balances (deficits), beginning of year, as adjusted	<u>14,445,394</u>	<u>\$ -</u>	<u>(3,695,068)</u>	<u>34,430,646</u>	<u>45,180,972</u>
Fund balances (deficit), end of year	<u>\$ 12,084,391</u>		<u>\$ (9,051,104)</u>	<u>\$ 39,126,820</u>	<u>\$ 42,160,107</u>

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, 2024

Net change in fund balances - total governmental funds \$ (3,020,865)

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	24,596,285
Donated capital assets	627,367
Contributed capital	3,907,279
Depreciation/amortization expense	(12,121,713)
Loss on disposal of capital assets	(578,085)

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	(6,956)
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Internal service funds are used by management to charge the costs of certain health insurance costs to individual funds. The net increase (decrease) in the net position of the internal service fund is reported with governmental activities.

Net operating income from governmental internal service fund	866,934
Investment earnings from governmental internal service fund	112,725
Net operating income attributable to business-type activities	(52,016)

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.

Issuance of other long-term liabilities	(247,862)
Principal payments on bonds and other long-term liabilities	1,306,782

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	61,934
Change in net pension liability and related deferred amounts	70,322
Change in net other postemployment benefit asset and related deferred amounts	368,403
Change in the accrual for compensated absences	(307,630)
Change in the claims and judgments liability	522,667

Change in net position of governmental activities \$ 16,105,571

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	\$ 28,169,590	\$ 28,153,190	\$ 28,117,461	\$ (35,729)
Trailer fees	12,500	12,100	10,431	(1,669)
Penalties and interest	225,000	191,800	191,714	(86)
Licenses, permits, and charges for services	3,431,667	3,478,567	3,611,997	133,430
Intergovernmental:				
Federal grants	88,000	134,200	139,760	5,560
State-shared revenue and grants	7,541,598	7,696,748	7,672,326	(24,422)
Fines and forfeitures	325,000	229,000	237,599	8,599
Investment income	554,002	1,948,762	2,124,414	175,652
Other:				
Local donations	31,000	11,300	10,650	(650)
Miscellaneous	833,620	788,620	757,510	(31,110)
Total revenues	41,211,977	42,644,287	42,873,862	229,575
Expenditures				
Current:				
General government:				
City council	65,524	59,524	57,774	(1,750)
City manager	688,172	729,589	729,534	(55)
Financial services	1,461,676	1,427,604	1,427,418	(186)
City clerk	999,191	1,091,237	1,080,682	(10,555)
Assessing	966,156	782,731	770,738	(11,993)
City attorney, insurance, and claims	926,000	806,000	774,444	(31,556)
Integrated solutions	4,128,126	5,143,829	5,164,457	20,628
Human resources	688,701	789,946	774,627	(15,319)
Total general government	9,923,546	10,830,460	10,779,674	(50,786)
Public safety				
Police	15,870,137	16,640,588	16,640,582	(6)
Fire	6,594,818	7,661,662	7,761,555	99,893
Total public safety	22,464,955	24,302,250	24,402,137	99,887
Public works				
	4,168,179	3,483,917	3,442,447	(41,470)
Community and economic development				
	4,207,680	4,477,250	4,403,846	(73,404)

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CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Recreation and culture	\$ 310,387	\$ 48,387	\$ 44,412	\$ (3,975)
Debt service:				
Principal	-	-	66,782	66,782
Interest and fiscal charges	-	-	9,652	9,652
Total debt service	-	-	76,434	76,434
Total expenditures	41,074,747	43,142,264	43,148,950	6,686
Revenues over (under) expenditures	137,230	(497,977)	(275,088)	222,889
Other financing sources (uses)				
Issuance of other long-term liabilities	-	-	247,862	247,862
Transfers out	(950,000)	(2,533,777)	(2,333,777)	(200,000)
Total other financing sources (uses)	(950,000)	(2,533,777)	(2,085,915)	447,862
Net change in fund balance	(812,770)	(3,031,754)	(2,361,003)	670,751
Fund balance, beginning of year	12,974,693	14,445,394	14,445,394	-
Fund balance, end of year	\$ 12,161,923	\$ 11,413,640	\$ 12,084,391	\$ 670,751

concluded.

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

CITY OF NOVI, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 15,431	\$ 173,933	\$ 48,647	\$ 238,011	\$ 678
Investments	21,996,190	729,757	1,444,945	24,170,892	2,477,138
Receivables:					
Taxes	249,711	-	-	249,711	-
Special assessments	52,595	-	-	52,595	-
Water and sewer billing	6,858,174	-	-	6,858,174	-
Leases	-	23,475	-	23,475	-
Other	-	8,970	-	8,970	69,309
Inventory	211,142	3,394	-	214,536	-
Prepaid items and other assets	29,100	6,616	401	36,117	157,655
Total current assets	29,412,343	946,145	1,493,993	31,852,481	2,704,780
Noncurrent assets:					
Receivables:					
Special assessments	412,923	-	-	412,923	-
Leases	-	3,210,000	-	3,210,000	-
Advances to other funds	2,800,000	-	-	2,800,000	-
Net other postemployment benefit asset	258,654	-	-	258,654	-
Capital assets not being depreciated	16,830,167	447,526	2,345,349	19,623,042	-
Capital assets being depreciated, net	148,512,337	4,016,153	7,904,269	160,432,759	-
Total noncurrent assets	168,814,081	7,673,679	10,249,618	186,737,378	-
Total assets	198,226,424	8,619,824	11,743,611	218,589,859	2,704,780
Deferred outflows of resources					
Deferred pension amounts	219,909	-	-	219,909	-
Deferred other postemployment benefit amounts	81,589	-	-	81,589	-
Total deferred outflows of resources	301,498	-	-	301,498	-
Liabilities					
Current liabilities:					
Accounts payable	5,198,917	88,324	309,704	5,596,945	-
Accrued salaries and wages	27,692	9,771	12,021	49,484	107,000
Other accrued liabilities	66,398	4,451	30,880	101,729	-
Refundable deposits	-	81,948	170,938	252,886	-
Current portion of bonds and other long-term liabilities	71,142	-	1,000,000	1,071,142	-
Total current liabilities	5,364,149	184,494	1,523,543	7,072,186	107,000
Noncurrent liabilities:					
Bonds and other long-term liabilities, net of current portion	-	-	1,020,000	1,020,000	-
Net pension liability	1,472,730	-	-	1,472,730	-
Total noncurrent liabilities	1,472,730	-	1,020,000	2,492,730	-
Total liabilities	6,836,879	184,494	2,543,543	9,564,916	107,000
Deferred inflows of resources					
Deferred pension amounts	16,003	-	-	16,003	-
Deferred other postemployment benefit amounts	153,949	-	-	153,949	-
Deferred lease amounts	-	3,233,475	-	3,233,475	-
Total deferred inflows of resources	169,952	3,233,475	-	3,403,427	-
Net position					
Net investment in capital assets	163,846,311	4,425,854	7,902,976	176,175,141	-
Restricted for other postemployment benefits	258,654	-	-	258,654	-
Unrestricted	27,416,126	776,001	1,297,092	29,489,219	2,597,780
Total net position	\$ 191,521,091	\$ 5,201,855	\$ 9,200,068	\$ 205,923,014	\$ 2,597,780

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

CITY OF NOVI, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2024

Net position - enterprise funds \$ 205,923,014

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.

155,848

Net position of business-type activities \$ 206,078,862

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Operating revenues					
Charges for services:					
Sale of water	\$ 12,604,689	\$ -	\$ -	\$ 12,604,689	\$ -
Sewage disposal charges	13,226,646	-	-	13,226,646	-
Concession sales	-	51,378	-	51,378	-
Installation fees	352,772	-	-	352,772	-
Rentals and other	-	2,020,017	2,181,957	4,201,974	-
Insurance	-	-	-	-	3,786,654
Fines and forfeitures	182,726	-	-	182,726	-
Other	11,233	9,555	4,879	25,667	290,483
Total operating revenues	26,378,066	2,080,950	2,186,836	30,645,852	4,077,137
Operating expenses					
Sewage treatment	13,115,667	-	-	13,115,667	-
Maintenance and operation	12,254,065	860,943	475,454	13,590,462	-
Depreciation	5,188,432	324,248	486,626	5,999,306	-
Salaries and fringes	1,646,109	-	-	1,646,109	3,210,203
Professional services	-	989,771	467,392	1,457,163	-
Supplies and other	458,367	-	-	458,367	-
Total operating expenses	32,662,640	2,174,962	1,429,472	36,267,074	3,210,203
Operating income (loss)	(6,284,574)	(94,012)	757,364	(5,621,222)	866,934
Nonoperating revenues (expenses)					
Federal grants	-	-	150,000	150,000	-
Interest income	1,398,135	148,149	69,667	1,615,951	112,725
Interest and fiscal charges	-	(11,440)	(51,868)	(63,308)	-
Total nonoperating revenues (expenses)	1,398,135	136,709	167,799	1,702,643	112,725
Income (loss) before capital contributions	(4,886,439)	42,697	925,163	(3,918,579)	979,659
Capital contributions					
Lines donated by developers and others	2,807,047	-	-	2,807,047	-
Customer assessments - tap fees	1,146,487	-	-	1,146,487	-
Total capital contributions	3,953,534	-	-	3,953,534	-
Change in net position	(932,905)	42,697	925,163	34,955	979,659
Net position, beginning of year	192,453,996	5,159,158	8,274,905	205,888,059	1,618,121
Net position, end of year	\$ 191,521,091	\$ 5,201,855	\$ 9,200,068	\$ 205,923,014	\$ 2,597,780

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

CITY OF NOVI, MICHIGAN

Reconciliation

Change in Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended June 30, 2024

Net change in net position - total enterprise funds \$ 34,955

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

52,016

Change in net position of business-type activities \$ 86,971

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Cash flows from operating activities					
Cash received from customers	\$ 26,385,202	\$ 2,095,596	\$ 2,186,836	\$ 30,667,634	\$ 3,501,590
Cash payments for goods and services	(27,402,718)	(2,347,989)	(797,333)	(30,548,040)	-
Cash payments to employees	(1,641,715)	-	-	(1,641,715)	(3,222,203)
Net cash provided by (used in) operating activities	<u>(2,659,231)</u>	<u>(252,393)</u>	<u>1,389,503</u>	<u>(1,522,121)</u>	<u>279,387</u>
Cash flows from noncapital financing activities					
Intergovernmental -					
Federal grants	-	-	150,000	150,000	-
Cash flows from capital and related financing activities					
Acquisition/construction of capital assets	(10,159,352)	(135,297)	(792,038)	(11,086,687)	-
Principal paid on bonds and other long-term liabilities	-	(520,000)	(980,000)	(1,500,000)	-
Interest paid on bonds and other long-term liabilities	-	(11,440)	(51,868)	(63,308)	-
Customer assessments - tap fees received	1,146,487	-	-	1,146,487	-
Net cash used in capital and related financing activities	<u>(9,012,865)</u>	<u>(666,737)</u>	<u>(1,823,906)</u>	<u>(11,503,508)</u>	<u>-</u>
Cash flows from investing activities					
Purchase of securities	-	-	-	-	(558,648)
Sale of securities	9,947,875	622,767	179,662	10,750,304	-
Interest and dividends received	1,398,135	148,149	69,667	1,615,951	112,725
Net cash provided by (used in) investing activities	<u>11,346,010</u>	<u>770,916</u>	<u>249,329</u>	<u>12,366,255</u>	<u>(445,923)</u>
Net change in cash and cash equivalents	<u>(326,086)</u>	<u>(148,214)</u>	<u>(35,074)</u>	<u>(509,374)</u>	<u>(166,536)</u>
Cash and cash equivalents, beginning of year	<u>341,517</u>	<u>322,147</u>	<u>83,721</u>	<u>747,385</u>	<u>167,214</u>
Cash and cash equivalents, end of year	<u>\$ 15,431</u>	<u>\$ 173,933</u>	<u>\$ 48,647</u>	<u>\$ 238,011</u>	<u>\$ 678</u>

continued...

CITY OF NOVI, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (6,284,574)	\$ (94,012)	\$ 757,364	\$ (5,621,222)	\$ 866,934
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	5,188,432	324,248	486,626	5,999,306	-
Change in assets and liabilities:					
Receivables:					
Taxes	(11,037)	-	-	(11,037)	-
Special assessments	65,718	-	-	65,718	-
Water and sewer billing	(3,607)	-	-	(3,607)	-
Leases	-	21,605	-	21,605	-
Other	-	16,731	-	16,731	(4,394)
Inventory	(43,938)	(2,085)	-	(46,023)	-
Prepaid items and other assets	(28,668)	(4,171)	829	(32,010)	29,842
Net other postemployment benefit asset	(135,593)	-	-	(135,593)	-
Deferred outflows of resources - pension amounts	49,538	-	-	49,538	-
Deferred outflows of resources - other postemployment benefit amounts	40,076	-	-	40,076	-
Accounts payable	(1,552,751)	(455,950)	148,600	(1,860,101)	(995)
Accrued salaries and wages	6,027	-	-	6,027	(12,000)
Other accrued liabilities	6,800	(1,006)	(5,891)	(97)	(600,000)
Refundable deposits	-	(36,148)	1,975	(34,173)	-
Compensated absences	11,937	-	-	11,937	-
Net pension liability	11,784	-	-	11,784	-
Deferred inflows of resources - pension amounts	(16,002)	-	-	(16,002)	-
Deferred inflows of resources - other postemployment benefit amounts	36,627	-	-	36,627	-
Deferred lease amounts	-	(21,605)	-	(21,605)	-
Net cash provided by (used in) operating activities	<u>\$ (2,659,231)</u>	<u>\$ (252,393)</u>	<u>\$ 1,389,503</u>	<u>\$ (1,522,121)</u>	<u>\$ 279,387</u>

Noncash item: During the year ended June 30, 2024, developers and others constructed water and sewer lines with an estimated value of \$2,807,047 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, 2024

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Tax Collection Custodial Fund
Assets		
Cash and cash equivalents	\$ 100,290	\$ -
Investments, at fair value:		
U.S. government securities	6,932,615	-
U.S. agency securities	389,181	-
Corporate bonds	1,770,274	-
Equities	16,014,223	-
Mutual funds	4,933,983	-
Exchange-traded and closed end funds	60,996	-
MERS Retiree Healthcare Funding Vehicle	6,539,109	-
	<hr/>	<hr/>
Total assets	36,740,671	-
	<hr/>	<hr/>
Net position		
Restricted for other postemployment benefits	<u>\$ 36,740,671</u>	<u>\$ -</u>

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

CITY OF NOVI, MICHIGAN

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Tax Collection Custodial Fund
Additions		
Contributions - Employer	\$ 84,252	\$ -
Investment income:		
Net change in fair value of investments	3,721,980	-
Interest and dividends	706,635	-
Total investment income	4,428,615	-
Less: investment expense	(262,082)	-
Net investment income	4,166,533	-
Taxes collected for other governments	-	141,633,140
Total additions	4,250,785	141,633,140
Deductions		
Healthcare insurance premiums	1,478,520	-
Administrative expense	6,500	-
Payments of taxes to other governments	-	141,633,140
Total deductions	1,485,020	141,633,140
Change in net position	2,765,765	-
Net position, beginning of year	33,974,906	-
Net position, end of year	\$ 36,740,671	\$ -

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, 2024

	Economic Development Corporation	Corridor Improvement Authority	Totals
Assets			
Cash and cash equivalents	\$ 113,956	\$ -	\$ 113,956
Receivables	-	791	791
Capital assets not being depreciated	35,000	-	35,000
Capital assets being depreciated, net	-	3,648,956	3,648,956
Total assets	<u>148,956</u>	<u>3,649,747</u>	<u>3,798,703</u>
Liabilities			
Advance from primary government	-	2,356,157	2,356,157
Net position			
Net investment in capital assets	35,000	1,292,799	1,327,799
Unrestricted	113,956	791	114,747
Total net position	<u>\$ 148,956</u>	<u>\$ 1,293,590</u>	<u>\$ 1,442,546</u>

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

CITY OF NOVI, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2024

	Economic Development Corporation	Corridor Improvement Authority	Totals
Expenses			
Economic Development Corporation	\$ 17,225	\$ -	\$ 17,225
Corridor Improvement Authority	-	232,833	232,833
Total expenses	<u>17,225</u>	<u>232,833</u>	<u>250,058</u>
General revenues			
Property taxes	-	716,752	716,752
Investment income	4,271	-	4,271
Other	25,000	-	25,000
Total general revenues	<u>29,271</u>	<u>716,752</u>	<u>746,023</u>
Change in net position	12,046	483,919	495,965
Net position, beginning of year	<u>136,910</u>	<u>809,671</u>	<u>946,581</u>
Net position, end of year	<u>\$ 148,956</u>	<u>\$ 1,293,590</u>	<u>\$ 1,442,546</u>

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

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NOTES TO FINANCIAL STATEMENTS

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Blended Component Unit

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

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

Discretely Presented Component Units

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

The Corridor Improvement Authority of the City of Novi (the "CIA") was created by the City in January 2018 as a funding mechanism for corridor improvements on either side of 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, 2024 can be obtained from the Authority's administrative offices at 20000 W. 8 Mile Road, Southfield, Michigan. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

The City reports the following major governmental funds:

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

The City reports the following major enterprise funds:

The *water and sewer fund* provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

The *ice arena fund* accounts for the City's two-sheet arena.

The *senior housing fund* accounts for the 175-unit senior housing project, financed using the building authority approach.

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

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

Restricted net position represents amounts that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on other postemployment benefits trust fund investments due to changes in fair value are recognized each year.

The City participates in the Oakland County Investment Pool (the "Pool") which is managed by the County Treasurer. In accordance with GASB 79, the Authority's shares are recorded at amortized cost, which approximates fair value. The Pool is not subject to regulatory oversight, is not registered with the SEC (Securities Exchange Commission) and does not issue separate financial statements. The value of the City's position in the Pool is the same as the value of the Pool shares, and includes accrued interest.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2024, 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.

CITY OF NOVI, MICHIGAN

Notes to 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Capital Assets

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

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

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

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

Deferred Outflows of Resources

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Unearned Revenue

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

Compensated Absences

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

Long-term Obligations

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

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

Deferred Inflows of Resources

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Fund Balances

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

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

The City Council adopted a Fund Balance Reserve Policy in January 2011. As part of the policy, the City Council has agreed to maintain the City's general fund fund balance to pay for expenditures as a result of unforeseen emergencies or for shortfalls caused by revenue declines. For the general fund, the reserve will be maintained at an amount that represents approximately 22-25 percent of the proposed budgeted expenditures for the following year. The City's minimum reserve as a percentage of budgeted expenditures is 10-20 percent individually and collectively amongst the three road funds, 12-22 percent for parks and recreational services, and varying reserves for the remaining special revenue funds dependent on the funds' yearly activity and capital needs. 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, 2025. 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Pensions and Other Postemployment Benefits

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

Special Assessments

Special assessments, if any, are recorded as revenues in the fund financial statements when due, not when levied. Estimated annual installments not yet available are reflected as deferred inflows of resources in the governmental fund financial statements and as revenues in the government-wide financial statements. Special assessments are billed July 1 and are due and payable August 31 with the 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 2023 property tax revenue was levied and collectible on July 1, 2023 and is recognized as revenue in the year ended June 30, 2024 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	\$ 22,187,000
Police and fire supplemental millage	1.3518	6,319,000
Parks and recreation operations	0.3648	1,704,000
Library operations	0.7303	3,412,000
Street maintenance operations	1.4197	6,633,000
Drains maintenance operations	0.6113	2,856,000
Debt levies for library	0.3471	1,623,000
Capital improvements	0.9514	4,444,000
Economic development	0.0107	50,000
		<u>\$ 49,228,000</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Use of Estimates

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

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

The City is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the "Uniform Budgeting Act"). The following is a summary of the requirements of this act according to the State Treasurer's Bulletin for Audits of Local Units of Government in Michigan, dated April 1982, as amended by P.A. 493 of 2000:

- Budgets must be adopted for the general fund and special revenue funds.
- Budgeted expenditures cannot exceed budgeted revenue and fund balance.
- The budgets must be amended when necessary.
- Public hearings must be held before budget adoptions.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.

The City adopts a formal budget for the general fund and all special revenue funds. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the general fund 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

1. Prior to the third Monday in April, the city manager submits to the City Council a proposed operating budget for the fiscal year commencing on the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to the third Monday in May, the budget is legally enacted through passage of an ordinance.

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

Expenditures in Excess of Appropriations

P.A. 621 of 1978 of the State of Michigan, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body. Budgets are required by State law for general and special revenue funds.

In the body of the financial statements, the City's actual and budgeted expenditures for the budgetary funds have been shown on a categorical level, with the approved budgets of the City of those budgetary funds being adopted at the department level.

During the year ended June 30, 2024, the City incurred expenditures in excess of the amounts appropriated as follows:

	Final Budget	Actual	Over Budget
General fund			
Current:			
General government -			
Integrated solutions	\$ 5,143,829	\$ 5,164,457	\$ 20,628
Public safety			
Fire	7,661,662	7,761,555	99,893
Debt service:			
Principal	-	66,782	66,782
Interest and fiscal charges	-	9,652	9,652
Nonmajor special revenue fund			
Community Development Block Grant			
Current -			
Community and economic development	171,000	187,536	16,536

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Deficit Fund Equity

At year end, the City reported unassigned fund balance deficits in the capital improvement program capital projects fund, the nonmajor drain revenue special revenue fund, and the nonmajor community development block grant special revenue fund of \$9,051,104, \$11,752, and \$26,281, 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, 2023 and will be updating the plan based on the final June 30, 2024 audit. The deficit in the drain revenue special revenue fund was equal to the nonspendable portion of fund balance in the fund, resulting in a total fund balance of \$0. 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, 2023	\$ (3,525,643)
Current year building permit revenue	1,935,886
Related costs	<u>(1,882,248)</u>
Cumulative shortfall at June 30, 2024	<u>\$ (3,472,005)</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2024:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	\$ 898,603	\$ 113,956	\$ 1,012,559
Investments	77,711,712	-	77,711,712
Statement of fiduciary net position			
Postemployment benefits -			
Retiree healthcare benefits trust fund:			
Cash and cash equivalents	100,290	-	100,290
Investments	36,640,381	-	36,640,381
Total	\$ 115,350,986	\$ 113,956	\$ 115,464,942
Deposits and investments			
Bank deposits:			
Checking / savings accounts			\$ 1,050,350
Certificates of deposit			16,236,981
Portfolio cash - Retiree Health Care Benefits Trust Fund			58,394
Investments:			
City pool			61,474,731
Retiree Health Care Benefits Trust Fund			36,640,381
Cash on hand			4,105
Total			\$ 115,464,942

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, 2024, \$14,880,128 of the City's bank balance of \$17,668,304 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, 2024, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk were exposed to risk since the securities are held in the City's name by the counterparty.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

	City	Retiree Health Care Benefits Trust Fund
U.S. government securities	\$ -	\$ 6,932,615
U.S. agency securities	20,837,214	389,181
Corporate bonds	-	1,770,274
Municipal bonds	21,581,320	-
Equities	-	16,014,223
Mutual funds	-	4,933,983
Money market funds	10,692,698	-
Exchange-traded and closed end funds	-	60,996
Michigan CLASS government investment pool	5,893,952	-
Commercial paper	2,467,081	-
MERS Retiree Healthcare Funding Vehicle	-	6,539,109
Bank investment pool - Oakland County	2,466	-
	<u>2,466</u>	<u>-</u>
Total investments	<u>\$ 61,474,731</u>	<u>\$ 36,640,381</u>

Credit Risk. Statutes and various bond indentures authorized the City to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

The City's investments were rated as follows:

	City	Retiree Health Care Benefits Trust Fund
Standard & Poor's AAA	\$ -	\$ 85,255
Standard & Poor's AA+	24,620,758	-
Standard & Poor's AA	6,511,881	-
Standard & Poor's AA-	5,506,610	-
Standard & Poor's A+	837,293	440,962
Standard & Poor's A	1,912,101	504,670
Standard & Poor's A-	-	505,517
Standard & Poor's BBB+	-	233,870
Standard & Poor's A1	1,969,076	-
Standard & Poor's A2	498,005	-
Moody's Aaa	-	6,932,615
Moody's Aa1	1,691,001	-
Moody's Aa3	224,170	-
Moody's A1	181,202	-
Unrated	-	450,177
Not subject to credit risk	17,522,634	27,487,315
Total investments	\$ 61,474,731	\$ 36,640,381

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. As of June 30, 2024, maturities of the City's investments were as follows:

	City	Retiree Health Care Benefits Trust Fund
Less than 1 year	\$ 18,978,962	\$ 618,358
1 - 5 years	20,879,236	6,094,061
6 - 10 years	3,483,633	1,990,470
More than 10 years	1,543,784	389,181
No maturity	16,589,116	27,548,311
Total	\$ 61,474,731	\$ 36,640,381

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The State generally limits investments in a single issuer to no more than 5% of the total portfolio assets, with the exception of obligations issued, assumed, or guaranteed by the United States.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

At June 30, 2024, 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	17.8%
MFS International Diversification Fund Class A Mutual Fund	Morgan Stanley	N/A	9.3%
Municipal Bond	State of Michigan	8.0%	N/A
Municipal Bond	Michigan Finance Authority	7.9%	N/A
Municipal Bond	Macomb County	5.9%	N/A
Municipal Bond	Michigan Finance Authority	5.4%	N/A
Municipal Bond	Great Lakes Water Authority	5.1%	N/A

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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, 2024:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ 6,932,615	\$ -	\$ -	\$ 6,932,615
U.S. agency securities	21,226,395	-	-	21,226,395
Corporate bonds	1,770,274	-	-	1,770,274
Municipal bonds	-	21,581,320	-	21,581,320
Equities	15,550,099	464,124	-	16,014,223
Mutual funds	-	4,933,983	-	4,933,983
Money market funds	10,692,698	-	-	10,692,698
Exchange-traded and closed end funds	60,996	-	-	60,996
Commercial paper	2,467,081	-	-	2,467,081
MERS Retiree Healthcare Funding Vehicle	6,539,109	-	-	6,539,109
	<u>\$ 65,239,267</u>	<u>\$ 26,979,427</u>	<u>\$ -</u>	<u>92,218,694</u>
Investments measured at NAV				
Michigan CLASS investment pool				5,893,952
Investments measured at amortized cost				
Bank investment pool - Oakland County				<u>2,466</u>
				<u><u>\$ 98,115,112</u></u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

At year end, the net asset value of the City's investment in Michigan CLASS was \$5,893,952. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Taxes receivable	\$ -	\$ 249,711	\$ -
Special assessments receivable	-	465,518	-
Water and sewer billing receivable	-	6,858,174	-
Accrued interest receivable	261,134	-	-
Leases receivable	674,258	3,233,475	-
Other receivables	1,130,877	8,970	-
Due from other governments	2,643,748	-	791
	<u>\$ 4,710,017</u>	<u>\$ 10,815,848</u>	<u>\$ 791</u>
Amount not expected to be collected within one year	<u>\$ 926,616</u>	<u>\$ 3,622,923</u>	<u>\$ -</u>

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.

Asset Type	Remaining Term of Agreement
Equipment	5 years

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

The net present value of future minimum payments as of June 30, 2024, were as follows:

Year Ended June 30,	Principal	Interest
2025	\$ 14,966	\$ 2,445
2026	15,575	1,836
2027	16,210	1,201
2028	16,870	541
2029	4,324	29
Totals	<u>\$ 67,945</u>	<u>\$ 6,052</u>

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, 2024 was \$61,660.

Remaining Term of Agreements

Asset type	Remaining Term of Agreements
Cell towers	2-32 years
Ice arena	2 years
Use of City fire station	8 years

CITY OF NOVI, MICHIGAN

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.

Asset Type	Remaining Term of Agreement
Subscription assets	2 years

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, 2024, were as follows:

Year Ended June 30,	Principal	Interest
2025	\$ 55,132	\$ 4,525
2026	<u>58,003</u>	<u>2,320</u>
Total	<u>\$ 113,135</u>	<u>\$ 6,845</u>

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	\$ 4,295,806	\$ 5,596,945
Accrued salaries and wages	966,862	49,484
Other accrued liabilities	448,223	101,729
Accrued interest payable	36,900	-
Claims and judgments payable	<u>90,450</u>	<u>-</u>
	<u>\$ 5,838,241</u>	<u>\$ 5,748,158</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 6,293,320	\$ -
Capital improvement program fund	-	6,282,219
Nonmajor governmental funds	-	11,101
	<u>6,293,320</u>	<u>6,293,320</u>
Total	<u>\$ 6,293,320</u>	<u>\$ 6,293,320</u>

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

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

	Advances to Other Funds	Advances from Other Funds
Capital improvement program capital projects fund	\$ -	\$ 2,800,000
Water and sewer enterprise fund	2,800,000	-
	<u>2,800,000</u>	<u>-</u>
Total	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

	Advances to Component Unit	Advances from Primary Government
Nonmajor governmental funds	\$ 2,356,157	\$ -
Corridor improvement authority	<u>-</u>	<u>2,356,157</u>
Total	<u><u>\$ 2,356,157</u></u>	<u><u>\$ 2,356,157</u></u>

The advance between the special assessment revolving nonmajor capital projects fund and the Corridor Improvement Authority (“CIA”) component unit is to advance fund the construction 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 Out	Transfers in Nonmajor Governmental Funds
General fund	\$ 2,333,777
Nonmajor governmental funds	<u>6,696,466</u>
	<u><u>\$ 9,030,243</u></u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Transfers were made as follows:

- The transfer from the general fund to the parks, recreation, and cultural services special revenue fund (nonmajor) was to subsidize older adult transportation rides within the city limits.
- The transfers from the general fund and the parks, recreation and cultural services special revenue fund (nonmajor) to the public improvement capital projects fund (nonmajor) was to fund capital projects budgeted in the general fund and parks, recreation, and cultural services fund that were not started or not completed by June 30, 2024. The funding for the projects will now come from the Public Improvement Fund.
- The transfer from the municipal street special revenue fund (nonmajor) to the major street special revenue fund (nonmajor) was to fund current and future street improvement 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.
- The transfer from the drain perpetual maintenance permanent fund (nonmajor) to the drain revenue special revenue fund (nonmajor) was to fund current and future drain improvement projects.
- The transfer from the library special revenue fund (nonmajor) to the library contribution special revenue fund (nonmajor) was to fund future library building improvements.

CITY OF NOVI, MICHIGAN

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	\$ 33,791,141	\$ 7,930,000	\$ -	\$ -	\$ 41,721,141
Construction in progress	11,831,437	11,637,300	-	(6,213,891)	17,254,846
	<u>45,622,578</u>	<u>19,567,300</u>	<u>-</u>	<u>(6,213,891)</u>	<u>58,975,987</u>
Capital assets being depreciated/amortized:					
Roads	159,399,779	2,832,252	(578,085)	1,341,467	162,995,413
Nonmotorized pathway improvements	15,376,706	472,291	-	2,639,124	18,488,121
Bridges	2,256,131	-	-	-	2,256,131
Drains	18,153,541	139,360	(571,390)	877,321	18,598,832
Buildings and improvements	63,423,623	1,327,852	-	65,238	64,816,713
Machinery and equipment	24,094,491	1,753,700	(289,854)	541,292	26,099,629
Land improvements	10,197,042	2,296,638	-	749,449	13,243,129
Library books	3,511,415	493,676	(588,216)	-	3,416,875
Lease equipment (Note 5)	-	82,325	-	-	82,325
Subscription assets (Note 6)	-	165,537	-	-	165,537
	<u>296,412,728</u>	<u>9,563,631</u>	<u>(2,027,545)</u>	<u>6,213,891</u>	<u>310,162,705</u>
Less accumulated depreciation/amortization for:					
Roads	(82,021,554)	(5,987,054)	-	-	(88,008,608)
Nonmotorized pathway improvements	(7,292,580)	(817,880)	-	-	(8,110,460)
Bridges	(1,766,748)	(88,275)	-	-	(1,855,023)
Drains	(8,992,011)	(743,952)	571,390	-	(9,164,573)
Buildings and improvements	(26,682,254)	(1,506,691)	-	-	(28,188,945)
Machinery and equipment	(17,326,448)	(1,995,839)	289,854	-	(19,032,433)
Land improvements	(1,638,538)	(529,725)	-	-	(2,168,263)
Library books	(456,493)	(394,448)	588,216	-	(262,725)
Lease equipment (Note 5)	-	(16,465)	-	-	(16,465)
Subscription assets (Note 6)	-	(41,384)	-	-	(41,384)
	<u>(146,176,626)</u>	<u>(12,121,713)</u>	<u>1,449,460</u>	<u>-</u>	<u>(156,848,879)</u>
Total capital assets being depreciated/amortized, net	<u>150,236,102</u>	<u>(2,558,082)</u>	<u>(578,085)</u>	<u>6,213,891</u>	<u>153,313,826</u>
Governmental activities capital assets, net	<u>\$ 195,858,680</u>	<u>\$ 17,009,218</u>	<u>\$ (578,085)</u>	<u>\$ -</u>	<u>\$ 212,289,813</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Capital asset activity for the year of the City's business-type activities was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 2,272,256	\$ -	\$ -	\$ -	\$ 2,272,256
Construction in progress	17,303,657	9,122,792	-	(9,075,663)	17,350,786
	<u>19,575,913</u>	<u>9,122,792</u>	<u>-</u>	<u>(9,075,663)</u>	<u>19,623,042</u>
Capital assets being depreciated:					
Water and sewer distribution systems	224,685,410	3,933,958	-	7,549,519	236,168,887
Buildings and improvements	32,718,840	307,279	-	1,373,288	34,399,407
Machinery and equipment	3,640,703	523,482	(24,115)	100,076	4,240,146
Land improvements	3,251,340	6,223	-	52,780	3,310,343
	<u>264,296,293</u>	<u>4,770,942</u>	<u>(24,115)</u>	<u>9,075,663</u>	<u>278,118,783</u>
Less accumulated depreciation for:					
Water and sewer distribution systems	(93,257,165)	(4,604,586)	-	-	(97,861,751)
Buildings and improvements	(15,094,525)	(936,423)	-	-	(16,030,948)
Machinery and equipment	(2,725,680)	(315,445)	24,115	-	(3,017,010)
Land improvements	(633,463)	(142,852)	-	-	(776,315)
	<u>(111,710,833)</u>	<u>(5,999,306)</u>	<u>24,115</u>	<u>-</u>	<u>(117,686,024)</u>
Total capital assets being depreciated, net	<u>152,585,460</u>	<u>(1,228,364)</u>	<u>-</u>	<u>9,075,663</u>	<u>160,432,759</u>
Business-type activities capital assets, net	<u>\$ 172,161,373</u>	<u>\$ 7,894,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,055,801</u>

CITY OF NOVI, MICHIGAN

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Economic Development Corporation					
Capital assets not being depreciated -					
Historical treasure	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
Component Unit - Corridor Improvement Authority					
Capital assets being depreciated -					
Roads	\$ 3,966,256	\$ -	\$ -	\$ -	\$ 3,966,256
Less accumulated depreciation for -					
Roads	(158,650)	(158,650)	-	-	(317,300)
Total capital assets being depreciated, net					
	3,807,606	(158,650)	-	-	3,648,956
Component Unit - Corridor Improvement Authority capital assets, net					
	<u>\$ 3,807,606</u>	<u>\$ (158,650)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,648,956</u>

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

General government	\$ 632,446
Public safety	1,403,783
Public works	8,790,128
Community and economic development	98,380
Recreation and culture	1,196,976
Total governmental activities	<u>\$ 12,121,713</u>

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

Water and sewer	\$ 5,188,432
Ice arena	324,248
Senior housing	486,626
Total business-type activities	<u>\$ 5,999,306</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Construction commitments consisted of the following at June 30, 2024:

Governmental activities	
Sidewalks and pathways	\$ 23,746
Street construction	8,103,251
Parks	639,566
Drains	<u>195,796</u>
Total governmental activities	<u>\$ 8,962,359</u>
Business-type activities	
Water and sewer	\$ 1,846,193
Parks	<u>29,456</u>
Total business-type activities	<u>\$ 1,875,649</u>

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, 2024:

	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%	\$ 5,265,000	\$ -	\$ (1,240,000)	\$ 4,025,000	\$ 1,295,000
Lease liability (Note 5)	-	82,325	(14,380)	67,945	14,966
Subscription liability (Note 6)	-	165,537	(52,402)	113,135	55,132
Unamortized premium					
2016 Unlimited Tax Library Refunding Bonds	384,091	-	(128,030)	256,061	128,030
Compensated absences	<u>2,545,966</u>	<u>3,203,368</u>	<u>(2,895,738)</u>	<u>2,853,596</u>	<u>2,282,876</u>
Total governmental activities	<u>\$ 8,195,057</u>	<u>\$ 3,451,230</u>	<u>\$ (4,330,550)</u>	<u>\$ 7,315,737</u>	<u>\$ 3,776,004</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
General obligation bonds					
\$4,905,000 2014 Ice Arena Refunding Bonds, installments of \$450,000 to \$520,000 through June 1, 2024, interest at 2.4%	\$ 520,000	\$ -	\$ (520,000)	\$ -	\$ -
\$9,075,000 2015 Senior Complex Recreation Facility Refunding Bonds, installments of \$850,000 to \$1,020,000 through October 1, 2025, interest at 2.29%	3,000,000	-	(980,000)	2,020,000	1,000,000
Total business-type activities general obligation bonds	3,520,000	-	(1,500,000)	2,020,000	1,000,000
Compensated absences	59,205	116,859	(104,922)	71,142	71,142
Total business-type activities	\$ 3,579,205	\$ 116,859	\$ (1,604,922)	\$ 2,091,142	\$ 1,071,142

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 1,295,000	\$ 121,700	\$ 1,000,000	\$ 34,808
2026	1,340,000	75,700	1,020,000	11,679
2027	1,390,000	27,800	-	-
	<u>\$ 4,025,000</u>	<u>\$ 225,200</u>	<u>\$ 2,020,000</u>	<u>\$ 46,487</u>

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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,	
	2024	2023
Estimated liability, beginning of year	\$ 613,117	\$ 599,703
Estimated claims incurred, including changes in estimates	23,708	114,944
Claim recoveries (payments)	(546,375)	(101,530)
Estimated liability, end of year	\$ 90,450	\$ 613,117

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, 2024 was \$4.7505 per \$1,000 of taxable value.

CITY OF NOVI, MICHIGAN

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13. TAX ABATEMENTS

The City received reduced property tax revenues during fiscal year 2024 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 \$331,000 in reduced City tax revenues for fiscal year 2024.

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 \$224,000 in reduced City tax revenues for fiscal year 2024.

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, 2023 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	235
Inactive employees entitled to but not yet receiving benefits	58
Active employees	<u>120</u>
Total membership	<u><u>413</u></u>

CITY OF NOVI, MICHIGAN

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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, 2024, 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, 2024:

- **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.

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- **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.

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- **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.

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- **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, 2023, 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, 2023 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

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Notes to Financial Statements

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

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

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

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 market value of investment income exceeds the expected investment income. Investment performance measured for the one-year period ending December 31, 2023 resulted in current year excess gains for use in lowering the assumed rate of investment return, as reflected above.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2023 was 7.18% (down from 7.25% at December 31, 2022). 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, 2022	\$ 123,096,970	\$ 74,398,767	\$ 48,698,203
Changes for the year:			
Service cost	1,301,708	-	1,301,708
Interest	8,698,248	-	8,698,248
Differences between expected and actual experience	3,297,799	-	3,297,799
Changes in assumptions	946,656	-	946,656
Employer contributions	-	5,357,811	(5,357,811)
Employee contributions	-	451,944	(451,944)
Net investment income	-	8,214,905	(8,214,905)
Benefit payments, including refunds of employee contributions	(7,544,009)	(7,544,009)	-
Administrative expense	-	(173,037)	173,037
Net changes	<u>6,700,402</u>	<u>6,307,614</u>	<u>392,788</u>
Balances at December 31, 2023	<u><u>\$ 129,797,372</u></u>	<u><u>\$ 80,706,381</u></u>	<u><u>\$ 49,090,991</u></u>

Changes in assumptions. Amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

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	\$ 64,001,122	\$ 49,090,991	\$ 36,593,303

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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, 2024, the City recognized pension expense of \$7,067,177. 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	\$ 2,198,533	\$ 533,421	\$ 1,665,112
Changes in assumptions	631,104	-	631,104
Net difference between projected and actual earnings on pension plan investments	3,823,172	-	3,823,172
	<u>6,652,809</u>	<u>533,421</u>	<u>6,119,388</u>
Contributions subsequent to the measurement date	677,489	-	677,489
	<u>677,489</u>	<u>-</u>	<u>677,489</u>
Total	<u>\$ 7,330,298</u>	<u>\$ 533,421</u>	<u>\$ 6,796,877</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 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
2025	\$ 1,558,961
2026	2,793,138
2027	2,345,314
2028	<u>(578,025)</u>
Total	<u>\$ 6,119,388</u>

Payable to the Pension Plan. At June 30, 2024, the City had \$138,902 payable for contributions to the pension plan.

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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 176 members participating in the DC plan as of June 30, 2024. During the year ended June 30, 2024, the City contributed \$1,046,720 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 administrative employees hired after May 1, 2006, MAPE employees hired after December 1, 2006, full-time firefighter employees hired after June 1, 2009, dispatchers hired after September 1, 2011, police clerks hired after October 1, 2011, POLC employees hired after April 1, 2012, and COAM officers promoted into the Commander bargaining group on or after July 1, 2021, will bring with them the retirement healthcare which they qualify for in the police officer group. These employees are enrolled into an individual retiree healthcare savings account. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

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

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Plans Membership. Membership of the plans consisted of the following at June 30, 2023 (the date of the most recent valuation):

Inactive plan members receiving or entitled to future benefits	101
Active plan members	<u>85</u>
Total	<u><u>186</u></u>

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

Contributions. The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's Retiree Health Care Benefits Trust fund. Plan participants are required to make co-payments, as noted above. For the year ended June 30, 2024, employer contributions totaled \$84,252, 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, 2024), 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

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

Healthcare cost trend rate
 Non-Medicare: 7.25%, 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, 2024 (see the discussion below of the investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
	<u>100.0%</u>		
Inflation			<u>2.50%</u>
Investment rate of return			<u><u>7.00%</u></u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

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

Rate of Return. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 12.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at June 30, 2023	\$ 29,872,880	\$ 33,974,906	\$ (4,102,026)
Changes for the year:			
Service cost	243,558	-	243,558
Interest	2,047,878	-	2,047,878
Differences between expected and actual experience	(4,619,075)	-	(4,619,075)
Changes in assumptions	2,052,164	-	2,052,164
Employer contributions	-	84,252	(84,252)
Net investment income	-	4,166,533	(4,166,533)
Benefit payments, including refunds of employee contributions	(1,478,520)	(1,478,520)	-
Administrative expense	-	(6,500)	6,500
Net changes	<u>(1,753,995)</u>	<u>2,765,765</u>	<u>(4,519,760)</u>
Balances at June 30, 2024	<u>\$ 28,118,885</u>	<u>\$ 36,740,671</u>	<u>\$ (8,621,786)</u>

Changes in assumptions. Amounts reported as changes in assumptions resulted from changes in the healthcare cost trend rates.

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	\$ (5,137,534)	\$ (8,621,786)	\$ (11,519,449)

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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	\$ (11,897,951)	\$ (8,621,786)	\$ (4,661,296)

Other Postemployment Benefit Expense and Deferred Outflows/Inflows of Resources Related to Other Postemployment Benefits. For the year ended June 30, 2024, the City recognized other postemployment benefit expense of \$(1,878,696). At June 30, 2024, 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	\$ 117,551	\$ 5,131,635	\$ (5,014,084)
Changes in assumptions	2,439,642	-	2,439,642
Net difference between projected and actual earnings on other postemployment benefit plan investments	162,417	-	162,417
Total	<u>\$ 2,719,610</u>	<u>\$ 5,131,635</u>	<u>\$ (2,412,025)</u>

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

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Amount
2025	\$ (1,604,912)
2026	293,029
2027	(732,678)
2028	<u>(367,464)</u>
	<u>\$ (2,412,025)</u>

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2024, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated/amortized	\$ 58,975,987	\$ 19,623,042	\$ 35,000
Capital assets being depreciated/amortized, net	<u>153,313,826</u>	<u>160,432,759</u>	<u>3,648,956</u>
	<u>212,289,813</u>	<u>180,055,801</u>	<u>3,683,956</u>
Related debt:			
Bonds payable	4,025,000	2,020,000	-
Lease liability	67,945	-	-
Subscription liability	113,135	-	-
Unamortized bond premium	256,061	-	-
Advance from primary government	-	-	2,356,157
Less: unamortized deferred charge on refunding	(235,490)	-	-
Construction related payables	<u>2,042,233</u>	<u>1,860,660</u>	<u>-</u>
	<u>6,268,884</u>	<u>3,880,660</u>	<u>2,356,157</u>
Net investment in capital assets	<u>\$ 206,020,929</u>	<u>\$ 176,175,141</u>	<u>\$ 1,327,799</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

18. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.192% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$233,141 and \$54,803 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the City expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$247,286. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2024, 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.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2024 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2024 is \$344,231.

19. ADJUSTMENTS TO BEGINNING FUND BALANCE

Under GASB Statement No. 100, *Accounting Changes and Error Corrections*, the City is required to disclose changes to or within the financial reporting entity. For the year ended June 30, 2024, the City had the following adjustments to beginning fund balance:

	Local Street Special Revenue Fund	Nonmajor Governmental Funds
Fund balances, beginning of year, as previously reported	\$ 1,092,449	\$ 33,338,197
Change within the financial reporting entity -		
Change from major to nonmajor fund	<u>(1,092,449)</u>	<u>1,092,449</u>
Fund balances, beginning of year, as adjusted	<u>\$ -</u>	<u>\$ 34,430,646</u>

The City previously reported the local street special revenue fund as major. The local street special revenue fund no longer meets the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2024.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NOVI, MICHIGAN

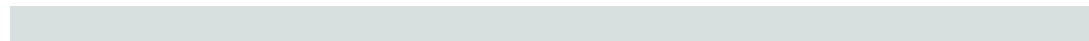
Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

	Year Ended June 30,			
	2024	2023	2022	2021
Change in total pension liability				
Service cost	\$ 1,301,708	\$ 1,208,770	\$ 1,165,302	\$ 1,177,587
Interest	8,698,248	8,633,411	8,443,443	7,991,416
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	3,297,799	(1,600,261)	964,642	365,639
Changes in assumptions	946,656	-	4,442,998	3,299,601
Benefit payments, including refunds of member contributions	(7,544,009)	(7,244,224)	(6,943,708)	(6,738,163)
Net change in total pension liability	<u>6,700,402</u>	<u>997,696</u>	<u>8,072,677</u>	<u>6,096,080</u>
Total pension liability, beginning	<u>123,096,970</u>	<u>122,099,274</u>	<u>114,026,597</u>	<u>107,930,517</u>
Total pension liability, ending (a)	<u>129,797,372</u>	<u>123,096,970</u>	<u>122,099,274</u>	<u>114,026,597</u>
Change in plan fiduciary net position				
Contributions - employer	5,357,811	5,464,228	5,661,548	4,245,191
Contributions - member	451,944	453,554	487,219	495,015
Net investment income (loss)	8,214,905	(8,549,268)	10,489,200	8,618,891
Benefit payments, including refunds of member contributions	(7,544,009)	(7,244,224)	(6,943,708)	(6,738,163)
Administrative expense	(173,037)	(154,966)	(120,330)	(136,616)
Net change in plan fiduciary net position	<u>6,307,614</u>	<u>(10,030,676)</u>	<u>9,573,929</u>	<u>6,484,318</u>
Plan fiduciary net position, beginning	<u>74,398,767</u>	<u>84,429,443</u>	<u>74,855,514</u>	<u>68,371,196</u>
Plan fiduciary net position, ending (b)	<u>80,706,381</u>	<u>74,398,767</u>	<u>84,429,443</u>	<u>74,855,514</u>
City's net pension liability, ending (a)-(b)	<u>\$ 49,090,991</u>	<u>\$ 48,698,203</u>	<u>\$ 37,669,831</u>	<u>\$ 39,171,083</u>
Plan fiduciary net position as a percentage of the total pension liability	62.2%	60.4%	69.1%	65.6%
Covered payroll	\$ 11,201,084	\$ 10,486,885	\$ 10,865,211	\$ 10,519,199
City's net pension liability as a percentage of covered payroll	438.3%	464.4%	346.7%	372.4%

See notes to required supplementary information.



Year Ended June 30,					
2020	2019	2018	2017	2016	2015
\$ 1,197,540	\$ 1,225,434	\$ 1,255,498	\$ 1,279,328	\$ 1,402,754	\$ 1,495,687
7,897,801	7,788,580	7,586,392	7,325,066	6,983,009	6,687,807
-	-	-	-	23,615	-
617,296	(1,404,136)	(366,993)	248,579	301,433	-
3,298,884	-	-	-	3,305,619	-
<u>(6,409,461)</u>	<u>(6,051,911)</u>	<u>(5,813,104)</u>	<u>(5,335,884)</u>	<u>(4,731,967)</u>	<u>(4,385,711)</u>
6,602,060	1,557,967	2,661,793	3,517,089	7,284,463	3,797,783
<u>101,328,457</u>	<u>99,770,490</u>	<u>97,108,697</u>	<u>93,591,608</u>	<u>86,307,145</u>	<u>82,509,362</u>
<u>107,930,517</u>	<u>101,328,457</u>	<u>99,770,490</u>	<u>97,108,697</u>	<u>93,591,608</u>	<u>86,307,145</u>
4,359,997	4,389,615	3,725,305	3,115,902	3,024,626	3,648,998
520,863	528,872	558,097	602,714	652,652	712,076
8,323,727	(2,592,555)	7,797,188	6,176,312	(898,140)	3,399,244
(6,409,461)	(6,051,911)	(5,813,104)	(5,335,884)	(4,731,967)	(4,385,711)
<u>(143,529)</u>	<u>(126,495)</u>	<u>(123,263)</u>	<u>(122,174)</u>	<u>(124,928)</u>	<u>(126,196)</u>
6,651,597	(3,852,474)	6,144,223	4,436,870	(2,077,757)	3,248,411
<u>61,719,599</u>	<u>65,572,073</u>	<u>59,427,850</u>	<u>54,990,980</u>	<u>57,068,737</u>	<u>53,820,326</u>
<u>68,371,196</u>	<u>61,719,599</u>	<u>65,572,073</u>	<u>59,427,850</u>	<u>54,990,980</u>	<u>57,068,737</u>
<u>\$ 39,559,321</u>	<u>\$ 39,608,858</u>	<u>\$ 34,198,417</u>	<u>\$ 37,680,847</u>	<u>\$ 38,600,628</u>	<u>\$ 29,238,408</u>
63.3%	60.9%	65.7%	61.2%	58.8%	66.1%
\$ 10,574,181	\$ 10,645,669	\$ 10,616,668	\$ 10,614,530	\$ 11,371,927	\$ 12,101,246
374.1%	372.1%	322.1%	355.0%	339.4%	241.6%

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CITY OF NOVI, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of City Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2024	\$ 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%
6/30/2015	2,628,762	2,628,762	-	12,710,865	20.7%

See notes to required supplementary information.

CITY OF NOVI, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits Plan

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

	Year Ended June 30,			
	2024	2023	2022	2021
Change in total other postemployment benefit liability				
Service cost	\$ 243,558	\$ 333,568	\$ 320,367	\$ 360,278
Interest	2,047,878	1,975,959	2,069,304	1,996,301
Differences between expected and actual experience	(4,619,075)	223,097	(5,422,973)	(217,034)
Changes in assumptions	2,052,164	-	3,011,009	-
Benefit payments, including refunds of member contributions	(1,478,520)	(1,441,898)	(1,193,717)	(959,652)
Net change in total other postemployment benefit liability	(1,753,995)	1,090,726	(1,216,010)	1,179,893
Total other postemployment benefit liability, beginning	29,872,880	28,782,154	29,998,164	28,818,271
Total other postemployment benefit liability, ending (a)	28,118,885	29,872,880	28,782,154	29,998,164
Change in plan fiduciary net position				
Contributions - employer	84,252	114,329	117,308	73,750
Net investment income (loss)	4,166,533	2,958,462	(6,123,365)	9,140,709
Benefit payments, including refunds of member contributions	(1,478,520)	(1,441,898)	(1,193,717)	(959,652)
Administrative expense	(6,500)	(17,900)	(6,500)	(9,000)
Other	-	-	-	-
Net change in plan fiduciary net position	2,765,765	1,612,993	(7,206,274)	8,245,807
Plan fiduciary net position, beginning	33,974,906	32,361,913	39,568,187	31,322,380
Plan fiduciary net position, ending (b)	36,740,671	33,974,906	32,361,913	39,568,187
City's net other postemployment benefit liability (asset), ending (a)-(b)	\$ (8,621,786)	\$ (4,102,026)	\$ (3,579,759)	\$ (9,570,023)
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	130.66%	113.73%	112.44%	131.90%
Covered payroll	\$ 8,446,103	\$ 9,047,472	\$ 8,862,466	\$ 8,785,682
City's net other postemployment benefit liability (asset) as a percentage of covered payroll	-102.08%	-45.34%	-40.39%	-108.93%

See notes to required supplementary information.

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

CITY OF NOVI, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of City Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2024	\$ -	\$ 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.

CITY OF NOVI, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of Investment Returns

Fiscal Year Ended	Annual Money-Weighted Rate of Return, net of Investment Expense
6/30/2024	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.

CITY OF NOVI, MICHIGAN

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

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

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%.

CITY OF NOVI, MICHIGAN

Notes to Required Supplementary Information

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates (2024, based on the 12/31/2021 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	17 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	<ul style="list-style-type: none">• Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120• Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120• Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

CITY OF NOVI, MICHIGAN

Notes to Required Supplementary Information

Retiree Healthcare Benefits Plan

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

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

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

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

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

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

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

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

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

- Updating the health care cost trend rates.

CITY OF NOVI, MICHIGAN

Notes to Required Supplementary Information

Notes to Schedule of Contributions

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

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

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	15 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 **Healthy Pre-Retirement Mortality:** Sex distinct Pub-2010 General Employees table without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. Ninety percent (90%) of active member deaths are assumed to be non-duty deaths and 10% of the deaths are assumed to be duty related.

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

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

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

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

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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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	\$ 28,169,590	\$ 28,153,190	\$ 28,117,461	\$ (35,729)
Trailer fees	12,500	12,100	10,431	(1,669)
Penalties and interest	225,000	191,800	191,714	(86)
Licenses, permits, and charges for services	3,431,667	3,478,567	3,611,997	133,430
Intergovernmental:				
Federal grants	88,000	134,200	139,760	5,560
State-shared revenue and grants	7,541,598	7,696,748	7,672,326	(24,422)
Fines and forfeitures	325,000	229,000	237,599	8,599
Investment income	554,002	1,948,762	2,124,414	175,652
Other:				
Local donations	31,000	11,300	10,650	(650)
Miscellaneous	833,620	788,620	757,510	(31,110)
Total revenues	41,211,977	42,644,287	42,873,862	229,575
Expenditures				
Current:				
General government:				
City council:				
Personnel services	36,234	35,749	35,681	(68)
Supplies	200	1,900	1,197	(703)
Other services and charges	29,090	21,875	20,896	(979)
Total city council	65,524	59,524	57,774	(1,750)
City manager:				
Personnel services	556,422	599,893	599,884	(9)
Supplies	1,500	10,140	10,095	(45)
Other services and charges	130,250	119,556	119,555	(1)
Total city manager	688,172	729,589	729,534	(55)
Financial services:				
Finance:				
Personnel services	931,617	867,165	867,141	(24)
Supplies	9,800	12,420	12,417	(3)
Other services and charges	77,910	76,392	76,384	(8)
Total finance	1,019,327	955,977	955,942	(35)
Treasury:				
Personnel services	353,159	395,520	395,471	(49)
Supplies	32,500	30,920	30,820	(100)
Other services and charges	56,690	45,187	45,185	(2)
Total treasury	442,349	471,627	471,476	(151)
Total financial services:	1,461,676	1,427,604	1,427,418	(186)

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (continued):				
City clerk:				
Personnel services	\$ 690,701	\$ 741,300	\$ 741,267	\$ (33)
Supplies	72,000	121,337	121,066	(271)
Other services and charges	236,490	228,600	218,349	(10,251)
Total city clerk	999,191	1,091,237	1,080,682	(10,555)
Assessing:				
Personnel services	700,916	492,985	492,804	(181)
Supplies	19,500	20,000	18,756	(1,244)
Other services and charges	212,450	269,746	259,178	(10,568)
Capital outlay	33,290	-	-	-
Total assessing	966,156	782,731	770,738	(11,993)
City attorney, insurance, and claims:				
Other services and charges	886,000	745,445	745,353	(92)
Capital outlay	40,000	60,555	29,091	(31,464)
Total city attorney, insurance, and claims	926,000	806,000	774,444	(31,556)
Integrated solutions:				
Technology:				
Personnel services	937,603	1,000,504	1,000,424	(80)
Supplies	101,310	79,928	63,414	(16,514)
Other services and charges	484,460	533,280	570,539	37,259
Capital outlay	113,840	139,886	139,882	(4)
Total integrated solutions	1,637,213	1,753,598	1,774,259	20,661
Facility management:				
Personnel services	387,693	440,329	437,085	(3,244)
Supplies	21,100	23,405	23,402	(3)
Other services and charges	745,150	882,786	886,011	3,225
Capital outlay	42,850	664,091	664,090	(1)
Total facility management	1,196,793	2,010,611	2,010,588	(23)
Park maintenance:				
Personnel services	634,680	695,098	695,096	(2)
Supplies	41,750	49,909	49,909	-
Other services and charges	538,220	491,339	491,332	(7)
Capital outlay	79,470	143,274	143,273	(1)
Total park maintenance	1,294,120	1,379,620	1,379,610	(10)
Total integrated solutions	4,128,126	5,143,829	5,164,457	20,628

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CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (concluded):				
Human resources:				
Personnel services	\$ 505,861	\$ 559,833	\$ 559,826	\$ (7)
Supplies	2,000	2,000	1,774	(226)
Other services and charges	180,840	228,113	213,027	(15,086)
Total human resources	<u>688,701</u>	<u>789,946</u>	<u>774,627</u>	<u>(15,319)</u>
Total general government	<u>9,923,546</u>	<u>10,830,460</u>	<u>10,779,674</u>	<u>(50,786)</u>
Public safety:				
Police:				
Personnel services	13,895,957	14,309,474	14,309,471	(3)
Supplies	492,000	507,671	507,672	1
Other services and charges	1,134,360	1,192,121	1,192,120	(1)
Capital outlay	347,820	631,322	631,319	(3)
Total police	<u>15,870,137</u>	<u>16,640,588</u>	<u>16,640,582</u>	<u>(6)</u>
Fire:				
Personnel services	5,665,738	6,413,431	6,413,418	(13)
Supplies	186,500	238,452	238,444	(8)
Other services and charges	713,640	941,600	1,041,515	99,915
Capital outlay	28,940	68,179	68,178	(1)
Total fire	<u>6,594,818</u>	<u>7,661,662</u>	<u>7,761,555</u>	<u>99,893</u>
Total public safety	<u>22,464,955</u>	<u>24,302,250</u>	<u>24,402,137</u>	<u>99,887</u>
Public works:				
Administration:				
Personnel services	360,178	417,579	417,568	(11)
Supplies	10,400	12,735	12,503	(232)
Other services and charges	213,210	191,375	189,397	(1,978)
Total administration	<u>583,788</u>	<u>621,689</u>	<u>619,468</u>	<u>(2,221)</u>
Engineering:				
Personnel services	549,809	685,712	685,668	(44)
Supplies	2,000	1,900	1,508	(392)
Other services and charges	109,900	109,523	101,821	(7,702)
Allocated to other funds	(371,780)	(371,784)	(371,784)	-
Total engineering	<u>289,929</u>	<u>425,351</u>	<u>417,213</u>	<u>(8,138)</u>
Field operations:				
Personnel services	2,127,815	2,143,316	2,135,277	(8,039)
Supplies	123,500	127,940	116,927	(11,013)
Other services and charges	835,720	740,394	738,059	(2,335)
Allocated to other funds	(1,300,000)	(1,450,903)	(1,450,903)	-
Capital outlay	200,000	32,018	32,017	(1)
Total field operations	<u>1,987,035</u>	<u>1,592,765</u>	<u>1,571,377</u>	<u>(21,388)</u>

continued...

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public works (concluded):				
Fleet asset:				
Personnel services	\$ 466,197	\$ 522,372	\$ 522,354	\$ (18)
Supplies	31,000	24,000	21,248	(2,752)
Other services and charges	346,040	360,902	353,950	(6,952)
Allocated to other funds	(60,000)	(88,698)	(88,698)	-
Capital outlay	524,190	25,536	25,535	(1)
Total fleet asset	1,307,427	844,112	834,389	(9,723)
Total public works	4,168,179	3,483,917	3,442,447	(41,470)
Community and economic development:				
Building:				
Personnel services	1,872,537	1,935,827	1,935,822	(5)
Supplies	28,300	16,377	16,376	(1)
Other services and charges	196,990	237,163	215,001	(22,162)
Capital outlay	83,920	58,243	58,242	(1)
Total building	2,181,747	2,247,610	2,225,441	(22,169)
Planning:				
Personnel services	604,260	672,710	672,695	(15)
Supplies	5,600	5,600	2,627	(2,973)
Other services and charges	99,270	187,856	155,461	(32,395)
Capital outlay	38,560	-	-	-
Total planning	747,690	866,166	830,783	(35,383)
Community relations:				
Administration:				
Personnel services	375,889	431,670	431,636	(34)
Supplies	10,900	10,936	9,658	(1,278)
Other services and charges	383,220	438,739	428,347	(10,392)
Capital outlay	30,000	30,000	28,668	(1,332)
Total administration	800,009	911,345	898,309	(13,036)
Studio 6:				
Personnel services	208,202	215,587	215,554	(33)
Supplies	5,000	7,825	7,761	(64)
Other services and charges	46,270	58,955	57,348	(1,607)
Total studio 6	259,472	282,367	280,663	(1,704)
Total community relations	1,059,481	1,193,712	1,178,972	(14,740)

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CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Community and economic development (concluded):				
Economic development:				
Personnel services	171,212	137,077	137,025	(52)
Supplies	-	46	46	-
Other services and charges	47,550	32,639	31,579	(1,060)
Total economic development	218,762	169,762	168,650	(1,112)
Total community and economic development	4,207,680	4,477,250	4,403,846	(73,404)
Recreation and culture:				
Older adult services -				
Personnel services	250,000	-	-	-
Youth assistance:				
Personnel services	32,687	23,687	22,706	(981)
Supplies	5,500	3,000	1,143	(1,857)
Other services and charges	500	-	-	-
Total youth assistance	38,687	26,687	23,849	(2,838)
Historical commission -				
Other services and charges	21,700	21,700	20,563	(1,137)
Total recreation and culture	310,387	48,387	44,412	(3,975)
Debt service:				
Principal	-	-	66,782	66,782
Interest and fiscal charges	-	-	9,652	9,652
Total debt service	-	-	76,434	76,434
Total expenditures	41,074,747	43,142,264	43,148,950	6,686
Revenues over (under) expenditures	137,230	(497,977)	(275,088)	222,889
Other financing sources (uses)				
Issuance of other long-term liabilities	-	-	247,862	(247,862)
Transfers out	(950,000)	(2,533,777)	(2,333,777)	(200,000)
Total other financing sources (uses)	(950,000)	(2,533,777)	(2,085,915)	447,862
Net change in fund balance	(812,770)	(3,031,754)	(2,361,003)	670,751
Fund balance, beginning of year	12,974,693	14,445,394	14,445,394	-
Fund balance, end of year	\$ 12,161,923	\$ 11,413,640	\$ 12,084,391	\$ 670,751

concluded.

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Capital Improvement Program Capital Projects Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 4,376,793	\$ 4,376,793	\$ 4,377,501	\$ 708
Intergovernmental -				
State-shared revenue and grants	-	200,000	200,000	-
Investment income	790	21,859	46,061	24,202
Total revenues	<u>4,377,583</u>	<u>4,598,652</u>	<u>4,623,562</u>	<u>24,910</u>
Expenditures				
Current:				
General government:				
Other services and charges	815	815	815	-
Capital outlay	-	7,608,073	7,608,073	-
Total general government	<u>815</u>	<u>7,608,888</u>	<u>7,608,888</u>	<u>-</u>
Public safety -				
Capital outlay	1,640,390	2,330,824	16,232	(2,314,592)
Recreation and culture -				
Capital outlay	-	2,929,003	2,200,966	(728,037)
Debt service -				
Interest and fiscal charges	<u>128,378</u>	<u>153,512</u>	<u>153,512</u>	<u>-</u>
Total expenditures	<u>1,769,583</u>	<u>13,022,227</u>	<u>9,979,598</u>	<u>(3,042,629)</u>
Revenues over (under) expenditures	2,608,000	(8,423,575)	(5,356,036)	3,067,539
Other financing sources				
Transfers in	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,108,000	(8,423,575)	(5,356,036)	3,067,539
Fund balance (deficit), beginning of year	<u>(4,347,023)</u>	<u>(3,695,068)</u>	<u>(3,695,068)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (1,239,023)</u>	<u>\$ (12,118,643)</u>	<u>\$ (9,051,104)</u>	<u>\$ 3,067,539</u>

CITY OF NOVI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Assets					
Cash and investments	\$ 571,349	\$ 47,623	\$ 1,137	\$ 777	\$ 620,886
Investments	24,520,578	519,218	6,125,094	7,044,070	38,208,960
Receivables:					
Other	377,768	-	76,897	-	454,665
Due from other governments	1,406,388	-	-	-	1,406,388
Advances to component units	-	-	2,356,157	-	2,356,157
Prepaid items and other assets	28,827	500	2,070	-	31,397
Total assets	<u>\$ 26,904,910</u>	<u>\$ 567,341</u>	<u>\$ 8,561,355</u>	<u>\$ 7,044,847</u>	<u>\$ 43,078,453</u>
Liabilities					
Accounts payable	\$ 3,059,958	\$ -	\$ 28,502	\$ -	\$ 3,088,460
Accrued salaries and wages	102,412	-	-	-	102,412
Other accrued liabilities	356,523	3,700	-	-	360,223
Refundable deposits	3,725	-	-	-	3,725
Unearned revenue	15,200	-	-	-	15,200
Due to other funds	11,101	-	-	-	11,101
Total liabilities	<u>3,548,919</u>	<u>3,700</u>	<u>28,502</u>	<u>-</u>	<u>3,581,121</u>
Deferred inflows of resources					
Unavailable revenue - grants	26,281	-	-	-	26,281
Unavailable revenue - other	344,231	-	-	-	344,231
Total deferred inflows of resources	<u>370,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,512</u>
Fund balances					
Nonspendable:					
Prepays	28,827	500	2,070	-	31,397
Perpetual drain maintenance	-	-	-	7,044,847	7,044,847
Restricted:					
Roads	15,701,802	-	-	-	15,701,802
Public safety	145,909	-	591,769	-	737,678
Debt service	-	563,141	-	-	563,141
Infrastructure improvements	-	-	5,630,237	-	5,630,237
Parks, recreation, and cultural services	1,064,338	-	-	-	1,064,338
Library	4,236,075	-	-	-	4,236,075
Tree replacement and maintenance	1,756,471	-	-	-	1,756,471
Street lighting improvement	90,090	-	-	-	90,090
Committed -					
Infrastructure improvements	-	-	2,308,777	-	2,308,777
Unassigned (deficit)	(38,033)	-	-	-	(38,033)
Total fund balances	<u>22,985,479</u>	<u>563,641</u>	<u>8,532,853</u>	<u>7,044,847</u>	<u>39,126,820</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,904,910</u>	<u>\$ 567,341</u>	<u>\$ 8,561,355</u>	<u>\$ 7,044,847</u>	<u>\$ 43,078,453</u>

CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Revenues					
Property taxes	\$ 14,385,147	\$ 1,606,068	\$ -	\$ -	\$ 15,991,215
Special assessments	35,829	-	-	-	35,829
Licenses, permits, and charges for services	2,230,290	-	418,387	-	2,648,677
Intergovernmental:					
Federal grants	214,175	-	-	-	214,175
State-shared revenue and grants	8,754,513	31,624	-	-	8,786,137
Other grants	484,337	-	-	-	484,337
Fines and forfeitures	321,045	-	-	-	321,045
Investment income	1,349,087	8,211	263,028	378,543	1,998,869
Other:					
Local donations	148,334	-	-	-	148,334
Recreational programs	2,057,980	-	-	-	2,057,980
Miscellaneous	317,707	-	-	-	317,707
Total revenues	30,298,444	1,645,903	681,415	378,543	33,004,305
Expenditures					
Current:					
General government	-	-	6,165	-	6,165
Public safety	327,788	-	124,681	-	452,469
Public works	19,121,815	-	119,469	-	19,241,284
Community and economic development	187,536	-	859,614	-	1,047,150
Recreation and culture	8,123,320	408	358,212	-	8,481,940
Debt service:					
Principal	-	1,240,000	-	-	1,240,000
Interest and fiscal charges	-	172,900	-	-	172,900
Total expenditures	27,760,459	1,413,308	1,468,141	-	30,641,908
Revenues over (under) expenditures	2,537,985	232,595	(786,726)	378,543	2,362,397
Other financing sources (uses)					
Transfers in	6,015,255	-	3,014,988	-	9,030,243
Transfers out	(6,375,519)	-	-	(320,947)	(6,696,466)
Total other financing sources (uses)	(360,264)	-	3,014,988	(320,947)	2,333,777
Net change in fund balances	2,177,721	232,595	2,228,262	57,596	4,696,174
Fund balances, beginning of year, as previously reported	19,715,309	331,046	6,304,591	6,987,251	33,338,197
Change within financial reporting entity	1,092,449	-	-	-	1,092,449
Fund balances, beginning of year, as adjusted	20,807,758	331,046	6,304,591	6,987,251	34,430,646
Fund balances, end of year	\$ 22,985,479	\$ 563,641	\$ 8,532,853	\$ 7,044,847	\$ 39,126,820

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CITY OF NOVI, MICHIGAN

Nonmajor Special Revenue Funds

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

Major Street Fund - This fund is used to account for expenditures associated with the construction and maintenance needs of the major street portion (as defined by State Act 51) of the City's street network. Of the 192.34 total centerline miles that make up the City of Novi road network, the City has 45.2 centerline miles of major streets. Financing is primarily provided by the City's share of state gas and weight taxes.

Local Street Fund - This fund is used to account for expenditures associated with the construction and maintenance needs of the 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.

CITY OF NOVI, MICHIGAN

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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CITY OF NOVI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds

June 30, 2024

	Major Street	Local Street	Municipal Streets	Parks, Recreation, and Cultural Services	Tree
Assets					
Cash and cash equivalents	\$ 410	\$ 442	\$ 809	\$ 1,226	\$ -
Investments	7,463,986	3,045,283	5,825,787	1,535,602	1,891,974
Receivables:					
Other	-	-	8,063	18,140	4,400
Due from other governments	998,058	342,061	-	15,537	-
Prepaid items and other assets	-	-	12,280	250	-
Total assets	\$ 8,462,454	\$ 3,387,786	\$ 5,846,939	\$ 1,570,755	\$ 1,896,374
Liabilities					
Accounts payable	\$ 1,101,750	\$ 558,730	\$ 45,024	\$ 444,365	\$ 62,361
Accrued salaries and wages	-	-	-	54,177	1,612
Other accrued liabilities	-	-	277,593	3,900	60,730
Refundable deposits	-	-	-	3,725	-
Unearned revenue	-	-	-	-	15,200
Due to other funds	-	-	-	-	-
Total liabilities	1,101,750	558,730	322,617	506,167	139,903
Deferred inflows of resources					
Unavailable revenue - grants	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances					
Nonspendable for prepaids	-	-	12,280	250	-
Restricted:					
Roads	7,360,704	2,829,056	5,512,042	-	-
Public safety	-	-	-	-	-
Parks, recreation, and cultural services	-	-	-	1,064,338	-
Library	-	-	-	-	-
Tree replacement and maintenance	-	-	-	-	1,756,471
Street lighting improvement	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	7,360,704	2,829,056	5,524,322	1,064,588	1,756,471
Total liabilities, deferred inflows of resources and fund balances	\$ 8,462,454	\$ 3,387,786	\$ 5,846,939	\$ 1,570,755	\$ 1,896,374



Drain Revenue	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection
\$ 736	\$ -	\$ 516	\$ 1,304	\$ 638	\$ 352,349
274,095	-	25,004	2,783,907	1,674,940	-
-	-	-	941	-	1,993
-	50,732	-	-	-	-
11,752	-	-	4,545	-	-
<u>\$ 286,583</u>	<u>\$ 50,732</u>	<u>\$ 25,520</u>	<u>\$ 2,790,697</u>	<u>\$ 1,675,578</u>	<u>\$ 354,342</u>
\$ 280,083	\$ 39,631	\$ -	\$ 139,605	\$ 31,627	\$ 354,342
-	-	-	46,623	-	-
6,500	-	-	7,800	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	11,101	-	-	-	-
<u>286,583</u>	<u>50,732</u>	<u>-</u>	<u>194,028</u>	<u>31,627</u>	<u>354,342</u>
-	26,281	-	-	-	-
-	-	-	-	-	-
-	26,281	-	-	-	-
11,752	-	-	4,545	-	-
-	-	-	-	-	-
-	-	25,520	-	-	-
-	-	-	-	-	-
-	-	-	2,592,124	1,643,951	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(11,752)</u>	<u>(26,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(26,281)	25,520	2,596,669	1,643,951	-
<u>\$ 286,583</u>	<u>\$ 50,732</u>	<u>\$ 25,520</u>	<u>\$ 2,790,697</u>	<u>\$ 1,675,578</u>	<u>\$ 354,342</u>

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CITY OF NOVI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2024

	West Oak Street Lighting	West Lake Drive Street Lighting	Town Center Street Lighting	Opioid Settlement	Total
Assets					
Cash and cash equivalents	\$ 54,358	\$ 4,462	\$ 33,710	\$ 120,389	\$ 571,349
Investments	-	-	-	-	24,520,578
Receivables:					
Other	-	-	-	344,231	377,768
Due from other governments	-	-	-	-	1,406,388
Prepaid items and other assets	-	-	-	-	28,827
Total assets	<u>\$ 54,358</u>	<u>\$ 4,462</u>	<u>\$ 33,710</u>	<u>\$ 464,620</u>	<u>\$ 26,904,910</u>
Liabilities					
Accounts payable	\$ 429	\$ 263	\$ 1,748	\$ -	\$ 3,059,958
Accrued salaries and wages	-	-	-	-	102,412
Other accrued liabilities	-	-	-	-	356,523
Refundable deposits	-	-	-	-	3,725
Unearned revenue	-	-	-	-	15,200
Due to other funds	-	-	-	-	11,101
Total liabilities	<u>429</u>	<u>263</u>	<u>1,748</u>	<u>-</u>	<u>3,548,919</u>
Deferred inflows of resources					
Unavailable revenue - grants	-	-	-	-	26,281
Unavailable revenue - other	-	-	-	344,231	344,231
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,231</u>	<u>370,512</u>
Fund balances					
Nonspendable for prepaids	-	-	-	-	28,827
Restricted:					
Roads	-	-	-	-	15,701,802
Public safety	-	-	-	120,389	145,909
Parks, recreation, and cultural services	-	-	-	-	1,064,338
Library	-	-	-	-	4,236,075
Tree replacement and maintenance	-	-	-	-	1,756,471
Street lighting improvement	53,929	4,199	31,962	-	90,090
Unassigned (deficit)	-	-	-	-	(38,033)
Total fund balances (deficits)	<u>53,929</u>	<u>4,199</u>	<u>31,962</u>	<u>120,389</u>	<u>22,985,479</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,358</u>	<u>\$ 4,462</u>	<u>\$ 33,710</u>	<u>\$ 464,620</u>	<u>\$ 26,904,910</u>

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CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
 Special Revenue Funds
 For the Year Ended June 30, 2024

	Major Street	Local Street	Municipal Streets	Parks, Recreation, and Cultural Services	Tree
Revenues					
Property taxes	\$ -	\$ -	\$ 6,532,886	\$ 1,678,638	\$ -
Special assessments	-	-	-	-	-
Licenses, permits, and charges for services	-	-	108,077	-	-
Intergovernmental:					
Federal grants	-	-	-	-	-
State-shared revenue and grants	6,217,555	2,133,463	294,614	8,885	-
Other grants	127,457	-	153,801	203,079	-
Fines and forfeitures	-	-	-	-	-
Investment income	294,545	37,418	400,929	117,103	116,477
Other:					
Local donations	-	-	-	103,189	-
Recreational programs	-	-	-	2,057,980	-
Miscellaneous	-	-	-	1,105	179,350
Total revenues	<u>6,639,557</u>	<u>2,170,881</u>	<u>7,490,307</u>	<u>4,169,979</u>	<u>295,827</u>
Expenditures					
Current:					
Public safety	-	-	-	-	-
Public works	6,041,968	5,224,714	875,481	-	1,062,708
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	4,117,829	-
Total expenditures	<u>6,041,968</u>	<u>5,224,714</u>	<u>875,481</u>	<u>4,117,829</u>	<u>1,062,708</u>
Revenues over (under) expenditures	<u>597,589</u>	<u>(3,053,833)</u>	<u>6,614,826</u>	<u>52,150</u>	<u>(766,881)</u>
Other financing sources (uses)					
Transfers in	843,630	4,790,440	-	25,000	-
Transfers out	-	-	(5,634,070)	(706,211)	-
Total other financing sources (uses)	<u>843,630</u>	<u>4,790,440</u>	<u>(5,634,070)</u>	<u>(681,211)</u>	<u>-</u>
Net change in fund balances	<u>1,441,219</u>	<u>1,736,607</u>	<u>980,756</u>	<u>(629,061)</u>	<u>(766,881)</u>
Fund balances (deficits), beginning of year, as previously reported	5,919,485	-	4,543,566	1,693,649	2,523,352
Change within financial reporting entity	-	1,092,449	-	-	-
Fund balances (deficits), beginning of year, as adjusted	<u>5,919,485</u>	<u>1,092,449</u>	<u>4,543,566</u>	<u>1,693,649</u>	<u>2,523,352</u>
Fund balances (deficits), end of year	<u>\$ 7,360,704</u>	<u>\$ 2,829,056</u>	<u>\$ 5,524,322</u>	<u>\$ 1,064,588</u>	<u>\$ 1,756,471</u>

Drain Revenue	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection
\$ 2,813,024	\$ -	\$ -	\$ 3,360,599	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	2,122,213
-	176,833	37,342	-	-	-
14,873	-	-	85,123	-	-
-	-	-	-	-	-
-	-	222,632	98,413	-	-
76,961	-	3,167	211,206	90,758	523
-	-	-	14,453	30,692	-
-	-	-	-	-	-
9,933	-	-	57,540	-	-
<u>2,914,791</u>	<u>176,833</u>	<u>263,141</u>	<u>3,827,334</u>	<u>121,450</u>	<u>2,122,736</u>
-	-	327,788	-	-	-
3,764,917	-	-	-	-	2,122,736
-	187,536	-	-	-	-
-	-	-	3,794,167	211,324	-
<u>3,764,917</u>	<u>187,536</u>	<u>327,788</u>	<u>3,794,167</u>	<u>211,324</u>	<u>2,122,736</u>
<u>(850,126)</u>	<u>(10,703)</u>	<u>(64,647)</u>	<u>33,167</u>	<u>(89,874)</u>	<u>-</u>
320,947	-	-	-	35,238	-
-	-	-	(35,238)	-	-
<u>320,947</u>	<u>-</u>	<u>-</u>	<u>(35,238)</u>	<u>35,238</u>	<u>-</u>
<u>(529,179)</u>	<u>(10,703)</u>	<u>(64,647)</u>	<u>(2,071)</u>	<u>(54,636)</u>	<u>-</u>
529,179	(15,578)	90,167	2,598,740	1,698,587	-
-	-	-	-	-	-
<u>529,179</u>	<u>(15,578)</u>	<u>90,167</u>	<u>2,598,740</u>	<u>1,698,587</u>	<u>-</u>
<u>\$ -</u>	<u>\$ (26,281)</u>	<u>\$ 25,520</u>	<u>\$ 2,596,669</u>	<u>\$ 1,643,951</u>	<u>\$ -</u>

continued...

CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
 Special Revenue Funds
 For the Year Ended June 30, 2024

	West Oak Street Lighting	West Lake Drive Street Lighting	Town Center Street Lighting	Opioid Settlement	Total
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 14,385,147
Special assessments	7,529	3,300	25,000	-	35,829
Licenses, permits, and charges for services	-	-	-	-	2,230,290
Intergovernmental:					
Federal grants	-	-	-	-	214,175
State-shared revenue and grants	-	-	-	-	8,754,513
Other grants	-	-	-	-	484,337
Fines and forfeitures	-	-	-	-	321,045
Investment income	-	-	-	-	1,349,087
Other:					
Local donations	-	-	-	-	148,334
Recreational programs	-	-	-	-	2,057,980
Miscellaneous	-	-	-	69,779	317,707
Total revenues	<u>7,529</u>	<u>3,300</u>	<u>25,000</u>	<u>69,779</u>	<u>30,298,444</u>
Expenditures					
Current:					
Public safety	-	-	-	-	327,788
Public works	5,146	3,157	20,988	-	19,121,815
Community and economic development	-	-	-	-	187,536
Recreation and culture	-	-	-	-	8,123,320
Total expenditures	<u>5,146</u>	<u>3,157</u>	<u>20,988</u>	<u>-</u>	<u>27,760,459</u>
Revenues over (under) expenditures	<u>2,383</u>	<u>143</u>	<u>4,012</u>	<u>69,779</u>	<u>2,537,985</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	6,015,255
Transfers out	-	-	-	-	(6,375,519)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(360,264)</u>
Net change in fund balances	<u>2,383</u>	<u>143</u>	<u>4,012</u>	<u>69,779</u>	<u>2,177,721</u>
Fund balances (deficits), beginning of year, as previously reported	51,546	4,056	27,950	50,610	19,715,309
Change within financial reporting entity	-	-	-	-	1,092,449
Fund balances (deficits), beginning of year, as adjusted	<u>51,546</u>	<u>4,056</u>	<u>27,950</u>	<u>50,610</u>	<u>20,807,758</u>
Fund balances (deficits), end of year	<u>\$ 53,929</u>	<u>\$ 4,199</u>	<u>\$ 31,962</u>	<u>\$ 120,389</u>	<u>\$ 22,985,479</u>

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
State-shared revenue and grants -				
Gas and weight tax	\$ 6,046,503	\$ 6,246,503	\$ 6,217,555	\$ (28,948)
Other grants	-	127,457	127,457	-
Investment income	1,235	158,235	294,545	136,310
Total revenues	<u>6,047,738</u>	<u>6,532,195</u>	<u>6,639,557</u>	<u>107,362</u>
Expenditures				
Current -				
Public works:				
Other services and charges	1,604,638	1,298,640	1,298,633	(7)
Capital outlay	5,622,100	10,833,695	4,743,335	(6,090,360)
Total expenditures	<u>7,226,738</u>	<u>12,132,335</u>	<u>6,041,968</u>	<u>(6,090,367)</u>
Revenues over (under) expenditures	(1,179,000)	(5,600,140)	597,589	6,197,729
Other financing sources				
Transfers in	51,000	951,000	843,630	(107,370)
Net change in fund balance	<u>(1,128,000)</u>	<u>(4,649,140)</u>	<u>1,441,219</u>	<u>6,090,359</u>
Fund balance, beginning of year	<u>1,851,514</u>	<u>5,919,485</u>	<u>5,919,485</u>	<u>-</u>
Fund balance, end of year	<u>\$ 723,514</u>	<u>\$ 1,270,345</u>	<u>\$ 7,360,704</u>	<u>\$ 6,090,359</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Street Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State-shared revenue and grants -				
Gas and weight tax	\$ 2,080,518	\$ 2,110,518	\$ 2,133,463	\$ 22,945
Investment income	1,170	41,808	37,418	(4,390)
Total revenues	<u>2,081,688</u>	<u>2,152,326</u>	<u>2,170,881</u>	<u>18,555</u>
Expenditures				
Current -				
Public works:				
Other services and charges	2,245,688	2,578,128	2,577,121	(1,007)
Capital outlay	4,450,000	4,721,478	2,647,593	(2,073,885)
Total expenditures	<u>6,695,688</u>	<u>7,299,606</u>	<u>5,224,714</u>	<u>(2,074,892)</u>
Revenues under expenditures	(4,614,000)	(5,147,280)	(3,053,833)	2,093,447
Other financing sources				
Transfers in	4,192,000	4,810,000	4,790,440	(19,560)
Net change in fund balance	<u>(422,000)</u>	<u>(337,280)</u>	<u>1,736,607</u>	<u>2,073,887</u>
Fund balance, beginning of year	<u>1,092,443</u>	<u>1,092,449</u>	<u>1,092,449</u>	<u>-</u>
Fund balance, end of year	<u>\$ 670,443</u>	<u>\$ 755,169</u>	<u>\$ 2,829,056</u>	<u>\$ 2,073,887</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Municipal Streets Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 6,539,559	\$ 6,539,559	\$ 6,532,886	\$ (6,673)
Licenses, permits, and charges for services	10,000	39,860	108,077	68,217
Intergovernmental:				
State-shared revenue and grants	250,000	265,000	294,614	29,614
Other grants	145,000	153,800	153,801	1
Investment income	3,456	169,796	400,929	231,133
Total revenues	<u>6,948,015</u>	<u>7,168,015</u>	<u>7,490,307</u>	<u>322,292</u>
Expenditures				
Current -				
Public works:				
Other services and charges	707,015	529,683	529,681	(2)
Capital outlay	555,000	1,833,732	345,800	(1,487,932)
Total expenditures	<u>1,262,015</u>	<u>2,363,415</u>	<u>875,481</u>	<u>(1,487,934)</u>
Revenues over expenditures	5,686,000	4,804,600	6,614,826	1,810,226
Other financing uses				
Transfers out	<u>(4,243,000)</u>	<u>(5,761,000)</u>	<u>(5,634,070)</u>	<u>(126,930)</u>
Net change in fund balance	1,443,000	(956,400)	980,756	1,937,156
Fund balance, beginning of year	<u>2,720,056</u>	<u>4,543,566</u>	<u>4,543,566</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,163,056</u>	<u>\$ 3,587,166</u>	<u>\$ 5,524,322</u>	<u>\$ 1,937,156</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Parks, Recreation, and Cultural Services Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,681,110	\$ 1,681,110	\$ 1,678,638	\$ (2,472)
Intergovernmental:				
State-shared revenue and grants	3,000	7,000	8,885	1,885
Other grants	-	104,600	203,079	98,479
Investment income	8,460	92,091	117,103	25,012
Other:				
Local donations	100,500	103,250	103,189	(61)
Recreational programs	1,687,370	1,831,095	2,057,980	226,885
Miscellaneous	1,000	1,000	1,105	105
Total revenues	<u>3,481,440</u>	<u>3,820,146</u>	<u>4,169,979</u>	<u>349,833</u>
Expenditures				
Current -				
Recreation and culture:				
Personnel services	1,476,381	1,487,548	1,547,543	59,995
Supplies	90,250	64,415	64,412	(3)
Other services and charges	1,628,919	1,835,554	1,909,151	73,597
Capital outlay	1,103,890	745,928	596,723	(149,205)
Total expenditures	<u>4,299,440</u>	<u>4,133,445</u>	<u>4,117,829</u>	<u>(15,616)</u>
Revenues over (under) expenditures	(818,000)	(313,299)	52,150	365,449
Other financing sources (uses)				
Transfers in	250,000	76,000	25,000	(51,000)
Transfers out	-	(706,211)	(706,211)	-
Total other financing sources (uses)	<u>250,000</u>	<u>(630,211)</u>	<u>(681,211)</u>	<u>(51,000)</u>
Net change in fund balance	(568,000)	(943,510)	(629,061)	314,449
Fund balance, beginning of year	1,165,859	1,693,649	1,693,649	-
Fund balance, end of year	<u>\$ 597,859</u>	<u>\$ 750,139</u>	<u>\$ 1,064,588</u>	<u>\$ 314,449</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Tree Special Revenue Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 91,592	\$ 91,592	\$ 116,477	\$ 24,885
Other -				
Miscellaneous	315,000	315,000	179,350	(135,650)
Total revenues	<u>406,592</u>	<u>406,592</u>	<u>295,827</u>	<u>(110,765)</u>
Expenditures				
Current -				
Public works:				
Personnel services	92,745	93,990	94,413	423
Supplies	1,000	668	209	(459)
Other services and charges	488,847	480,294	478,647	(1,647)
Capital outlay	36,000	493,640	489,439	(4,201)
Total expenditures	<u>618,592</u>	<u>1,068,592</u>	<u>1,062,708</u>	<u>(5,884)</u>
Net change in fund balance	(212,000)	(662,000)	(766,881)	(104,881)
Fund balance, beginning of year	<u>2,666,579</u>	<u>2,523,352</u>	<u>2,523,352</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,454,579</u>	<u>\$ 1,861,352</u>	<u>\$ 1,756,471</u>	<u>\$ (104,881)</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drain Revenue Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,812,022	\$ 2,812,022	\$ 2,813,024	\$ 1,002
Intergovernmental -				
State-shared revenue and grants	4,900	11,200	14,873	3,673
Investment income	8,954	19,578	76,961	57,383
Other -				
Miscellaneous	10,000	10,000	9,933	(67)
Total revenues	<u>2,835,876</u>	<u>2,852,800</u>	<u>2,914,791</u>	<u>61,991</u>
Expenditures				
Current -				
Public works:				
Personnel services	-	131	129	(2)
Other services and charges	1,374,116	1,480,347	1,386,670	(93,677)
Capital outlay	1,542,760	4,376,968	2,378,118	(1,998,850)
Total expenditures	<u>2,916,876</u>	<u>5,857,446</u>	<u>3,764,917</u>	<u>(2,092,529)</u>
Revenues under expenditures	(81,000)	(3,004,646)	(850,126)	2,154,520
Other financing sources				
Transfers in	81,000	2,475,467	320,947	(2,154,520)
Net change in fund balance	-	(529,179)	(529,179)	-
Fund balance, beginning of year	-	529,179	529,179	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal grants	\$ 131,000	\$ 186,578	\$ 176,833	\$ (9,745)
Expenditures				
Current -				
Community and economic development -				
Other services and charges	131,000	171,000	187,536	16,536
Net change in fund balance	-	15,578	(10,703)	(26,281)
Fund balance (deficit), beginning of year	-	(15,578)	(15,578)	-
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,281)</u>	<u>\$ (26,281)</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Forfeiture Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal grants	\$ -	\$ 37,345	\$ 37,342	\$ (3)
Fines and forfeitures	342,340	154,995	222,632	67,637
Investment income	-	-	3,167	3,167
Other -				
Miscellaneous	30,000	30,000	-	(30,000)
Total revenues	<u>372,340</u>	<u>222,340</u>	<u>263,141</u>	<u>40,801</u>
Expenditures				
Current -				
Public safety:				
Supplies	20,000	25,000	23,077	(1,923)
Capital outlay	552,340	487,507	304,711	(182,796)
Total expenditures	<u>572,340</u>	<u>512,507</u>	<u>327,788</u>	<u>(184,719)</u>
Revenues under expenditures	(200,000)	(290,167)	(64,647)	225,520
Other financing sources				
Transfers in	200,000	200,000	-	(200,000)
Net change in fund balance	-	(90,167)	(64,647)	25,520
Fund balance, beginning of year	-	90,167	90,167	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,520</u>	<u>\$ 25,520</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Library Special Revenue Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,348,890	\$ 3,368,503	\$ 3,360,599	\$ (7,904)
Intergovernmental -				
State-shared revenue and grants	50,000	73,537	85,123	11,586
Fines and forfeitures	102,000	98,071	98,413	342
Investment income	47,000	189,400	211,206	21,806
Other:				
Local donations	3,000	14,000	14,453	453
Miscellaneous	48,000	54,600	57,540	2,940
Total revenues	<u>3,598,890</u>	<u>3,798,111</u>	<u>3,827,334</u>	<u>29,223</u>
Expenditures				
Current -				
Recreation and culture:				
Personnel services	2,455,465	2,574,238	2,448,749	(125,489)
Supplies	699,500	684,500	641,277	(43,223)
Other services and charges	674,280	712,351	670,067	(42,284)
Capital outlay	47,000	47,000	34,074	(12,926)
Total expenditures	<u>3,876,245</u>	<u>4,018,089</u>	<u>3,794,167</u>	<u>(223,922)</u>
Revenues over (under) expenditures	(277,355)	(219,978)	33,167	253,145
Other financing uses				
Transfers out	-	(35,238)	(35,238)	-
Net change in fund balance	(277,355)	(255,216)	(2,071)	253,145
Fund balance, beginning of year	<u>2,275,818</u>	<u>2,598,740</u>	<u>2,598,740</u>	-
Fund balance, end of year	<u>\$ 1,998,463</u>	<u>\$ 2,343,524</u>	<u>\$ 2,596,669</u>	<u>\$ 253,145</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Library Contribution Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 22,500	\$ 71,632	\$ 90,758	\$ 19,126
Other -				
Local donations	8,000	28,438	30,692	2,254
Total revenues	<u>30,500</u>	<u>100,070</u>	<u>121,450</u>	<u>21,380</u>
Expenditures				
Current -				
Recreation and culture:				
Supplies	38,500	115,800	100,278	(15,522)
Capital outlay	237,800	127,901	111,046	(16,855)
Total expenditures	<u>276,300</u>	<u>243,701</u>	<u>211,324</u>	<u>(32,377)</u>
Revenues under expenditures	(245,800)	(143,631)	(89,874)	53,757
Other financing sources				
Transfers in	-	35,238	35,238	-
Net change in fund balance	(245,800)	(108,393)	(54,636)	53,757
Fund balance, beginning of year	<u>1,644,374</u>	<u>1,698,587</u>	<u>1,698,587</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,398,574</u>	<u>\$ 1,590,194</u>	<u>\$ 1,643,951</u>	<u>\$ 53,757</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Rubbish Collection Special Revenue Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 2,230,000	\$ 2,230,000	\$ 2,122,213	\$ (107,787)
Investment income	-	-	523	523
Total revenues	2,230,000	2,230,000	2,122,736	(107,264)
Expenditures				
Current -				
Public works-				
Other services and charges	2,230,000	2,230,000	2,122,736	(107,264)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - West Oak Street Lighting Special Revenue Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 7,529	\$ 7,529	\$ 7,529	\$ -
Expenditures				
Current -				
Public works -				
Other services and charges	5,329	5,329	5,146	(183)
Net change in fund balance	2,200	2,200	2,383	183
Fund balance, beginning of year	51,363	51,546	51,546	-
Fund balance, end of year	\$ 53,563	\$ 53,746	\$ 53,929	\$ 183

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, 2024

	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	3,250	3,250	3,157	(93)
Net change in fund balance	50	50	143	93
Fund balance, beginning of year	3,913	4,056	4,056	-
Fund balance, end of year	\$ 3,963	\$ 4,106	\$ 4,199	\$ 93

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Expenditures				
Current -				
Public works -				
Other services and charges	21,700	21,700	20,988	(712)
Net change in fund balance	3,300	3,300	4,012	712
Fund balance, beginning of year	27,263	27,950	27,950	-
Fund balance, end of year	\$ 30,563	\$ 31,250	\$ 31,962	\$ 712

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Opioid Settlement Special Revenue Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Other -				
Miscellaneous	\$ -	\$ 12,700	\$ 69,779	\$ 57,079
Fund balance, beginning of year	-	50,610	50,610	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 63,310</u>	<u>\$ 120,389</u>	<u>\$ 57,079</u>

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CITY OF NOVI, MICHIGAN

■ 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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,402,108	\$ 1,402,108	\$ 1,606,068	\$ 203,960
Intergovernmental -				
State-shared revenue and grants	10,600	11,025	31,624	20,599
Investment income	100	2,200	8,211	6,011
Total revenues	<u>1,412,808</u>	<u>1,415,333</u>	<u>1,645,903</u>	<u>230,570</u>
Expenditures				
Current -				
Recreation and culture -				
Other services and charges	408	408	408	-
Debt service:				
Principal	1,240,000	1,240,000	1,240,000	-
Interest and fiscal charges	172,400	172,900	172,900	-
Total expenditures	<u>1,412,808</u>	<u>1,413,308</u>	<u>1,413,308</u>	<u>-</u>
Net change in fund balance	-	2,025	232,595	230,570
Fund balance, beginning of year	<u>274,798</u>	<u>331,046</u>	<u>331,046</u>	<u>-</u>
Fund balance, end of year	<u>\$ 274,798</u>	<u>\$ 333,071</u>	<u>\$ 563,641</u>	<u>\$ 230,570</u>

CITY OF NOVI, MICHIGAN

Nonmajor Capital Projects Funds

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

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

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

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

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, 2024

	Special Assessment Revolving	Gun Range Facility	PEG Cable	Public Improvement	Total
Assets					
Cash and cash equivalents	\$ 599	\$ 182	\$ 251	\$ 105	\$ 1,137
Investments	2,361,091	579,587	751,045	2,433,371	6,125,094
Receivables -					
Other	-	12,000	64,897	-	76,897
Advances to component units	2,356,157	-	-	-	2,356,157
Prepaid items and other assets	-	2,070	-	-	2,070
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,717,847</u>	<u>\$ 593,839</u>	<u>\$ 816,193</u>	<u>\$ 2,433,476</u>	<u>\$ 8,561,355</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 28,502	\$ -	\$ 28,502
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances					
Nonspendable -					
Prepays	-	2,070	-	-	2,070
Restricted:					
Public safety	-	591,769	-	-	591,769
Infrastructure improvements	4,717,847	-	787,691	124,699	5,630,237
Committed -					
Infrastructure improvements	-	-	-	2,308,777	2,308,777
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>4,717,847</u>	<u>593,839</u>	<u>787,691</u>	<u>2,433,476</u>	<u>8,532,853</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 4,717,847</u>	<u>\$ 593,839</u>	<u>\$ 816,193</u>	<u>\$ 2,433,476</u>	<u>\$ 8,561,355</u>

CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Capital Project Funds

For the Year Ended June 30, 2024

	Special Assessment Revolving	Gun Range Facility	PEG Cable	Public Improvement	Total
Revenues					
Licenses, permits, and charges for services	\$ -	\$ 126,400	\$ 291,987	\$ -	\$ 418,387
Investment income	188,086	26,660	48,282	-	263,028
Total revenues	188,086	153,060	340,269	-	681,415
Expenditures					
Current:					
General government	-	-	-	6,165	6,165
Public safety	-	38,599	-	86,082	124,681
Public works	-	-	-	119,469	119,469
Community and economic development	-	-	848,030	11,584	859,614
Recreation and culture	-	-	-	358,212	358,212
Total expenditures	-	38,599	848,030	581,512	1,468,141
Revenues over (under) expenditures	188,086	114,461	(507,761)	(581,512)	(786,726)
Other financing sources					
Transfers in	-	-	-	3,014,988	3,014,988
Net change in fund balances	188,086	114,461	(507,761)	2,433,476	2,228,262
Fund balances, beginning of year	4,529,761	479,378	1,295,452	-	6,304,591
Fund balances, end of year	\$ 4,717,847	\$ 593,839	\$ 787,691	\$ 2,433,476	\$ 8,532,853

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 80,000	\$ 124,000	\$ 188,086	\$ 64,086
Fund balance, beginning of year	4,512,606	4,529,761	4,529,761	-
Fund balance, end of year	<u>\$ 4,592,606</u>	<u>\$ 4,653,761</u>	<u>\$ 4,717,847</u>	<u>\$ 64,086</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Gun Range Facility Capital Projects Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 70,000	\$ 104,400	\$ 126,400	\$ 22,000
Investment income	1,330	11,530	26,660	15,130
Total revenues	71,330	115,930	153,060	37,130
Expenditures				
Current -				
Public safety -				
Capital outlay	24,330	30,330	38,599	8,269
Net change in fund balance	47,000	85,600	114,461	28,861
Fund balance, beginning of year	457,972	479,378	479,378	-
Fund balance, end of year	<u>\$ 504,972</u>	<u>\$ 564,978</u>	<u>\$ 593,839</u>	<u>\$ 28,861</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - PEG Cable Capital Projects Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 310,000	\$ 310,000	\$ 291,987	\$ (18,013)
Investment income	1,180	41,680	48,282	6,602
Total revenues	311,180	351,680	340,269	(11,411)
Expenditures				
Current -				
Community and economic development -				
Capital outlay	15,180	854,680	848,030	(6,650)
Net change in fund balance	296,000	(503,000)	(507,761)	(4,761)
Fund balance, beginning of year	1,305,409	1,295,452	1,295,452	-
Fund balance, end of year	<u>\$ 1,601,409</u>	<u>\$ 792,452</u>	<u>\$ 787,691</u>	<u>\$ (4,761)</u>

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
General government:				
Other services and charges	\$ -	\$ 12,675	\$ 6,165	\$ (6,510)
Capital outlay	-	33,290	-	(33,290)
Public safety -				
Capital outlay	-	788,704	86,082	(702,622)
Public works -				
Capital outlay	-	1,293,163	119,469	(1,173,694)
Community and economic development:				
Other services and charges	-	54,207	11,584	(42,623)
Capital outlay	-	160,701	-	(160,701)
Recreation and culture -				
Capital outlay	-	672,248	358,212	(314,036)
Total expenditures	-	3,014,988	581,512	(2,433,476)
Other financing sources				
Transfers in	-	3,014,988	3,014,988	-
Net change in fund balance	-	-	2,433,476	2,433,476
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 2,433,476	\$ 2,433,476

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CITY OF NOVI, MICHIGAN

■ Nonmajor Permanent Fund

Drain Perpetual Maintenance Fund - A citizen's committee has been established to oversee the building and maintenance of the drain system. This fund was initially created with allocations from the Drain Fund. Additional revenue has come from tap fees for properties connecting to regional systems. The intent is to build an investment base in which earnings will eventually cover the cost of maintaining the system and reduce or eliminate the need for the Drain Fund millage.

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drain Perpetual Maintenance Permanent Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 76,000	\$ 221,000	\$ 378,543	\$ 157,543
Other - Tap-in fees	5,000	5,000	-	(5,000)
Total revenues	81,000	226,000	378,543	152,543
Other financing uses				
Transfers out	(81,000)	(2,475,467)	(320,947)	(2,154,520)
Net change in fund balance	-	(2,249,467)	57,596	2,307,063
Fund balance, beginning of year	4,426,986	6,987,251	6,987,251	-
Fund balance, end of year	<u>\$ 4,426,986</u>	<u>\$ 4,737,784</u>	<u>\$ 7,044,847</u>	<u>\$ 2,307,063</u>

CITY OF NOVI, MICHIGAN

Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

June 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 113,956	\$ -	\$ 113,956
Capital assets not being depreciated	-	35,000	35,000
Total assets	<u>\$ 113,956</u>	<u>35,000</u>	<u>148,956</u>
Fund balance			
Unassigned	<u>\$ 113,956</u>	<u>(113,956)</u>	<u>-</u>
Net position			
Investment in capital assets		35,000	35,000
Unrestricted		<u>113,956</u>	<u>113,956</u>
Total net position		<u>\$ 148,956</u>	<u>\$ 148,956</u>

CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenditures

and Changes in Fund Balance / Statement of Activities
 Economic Development Corporation Component Unit
 For the Year Ended June 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Investment income	\$ 4,271	\$ -	\$ 4,271
Other	25,000	-	25,000
Total revenues	29,271	-	29,271
Expenditures / expenses			
Community and economic development	17,225	-	17,225
Change in fund balance / net position	12,046	-	12,046
Fund balance / net position, beginning of year	101,910	35,000	136,910
Fund balance / net position, end of year	<u>\$ 113,956</u>	<u>\$ 35,000</u>	<u>\$ 148,956</u>

CITY OF NOVI, MICHIGAN

Balance Sheet / Statement of Net Position

Corridor Improvement Authority Component Unit

June 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Receivables	\$ 791	\$ -	\$ 791
Capital assets being depreciated, net	-	3,648,956	3,648,956
Total assets	<u>\$ 791</u>	<u>3,648,956</u>	<u>3,649,747</u>
Liabilities			
Advance from primary government	\$ 2,356,157	-	2,356,157
Fund balance			
Unassigned (deficit)	<u>(2,355,366)</u>	<u>2,355,366</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 791</u>		
Net position			
Net investment in capital assets		1,292,799	1,292,799
Unrestricted		<u>791</u>	<u>791</u>
Total net position		<u>\$ 1,293,590</u>	<u>\$ 1,293,590</u>

CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenditures

and Changes in Fund Balance / Statement of Activities

Corridor Improvement Authority Component Unit

For the Year Ended June 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 716,752	\$ -	\$ 716,752
Expenditures / expenses			
Community and economic development	-	158,650	158,650
Debt service -			
Interest and fiscal charges	74,183	-	74,183
Total expenditures / expenses	74,183	158,650	232,833
Change in fund balance / net position	642,569	(158,650)	483,919
Fund balance (deficit) / net position, beginning of year	(2,997,935)	3,807,606	809,671
Fund balance (deficit) / net position, end of year	<u>\$ (2,355,366)</u>	<u>\$ 3,648,956</u>	<u>\$ 1,293,590</u>

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.

		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	172
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	184
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	191
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	196
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	198

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)

	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	\$ 118,345,243	\$ 126,474,197	\$ 138,682,792	\$ 143,347,891
Restricted	38,576,210	37,216,395	31,767,695	33,060,671
Unrestricted (deficit)	(15,525,832)	(15,805,367)	(20,402,611)	(26,055,697)
Total governmental activities	<u>\$ 141,395,621</u>	<u>\$ 147,885,225</u>	<u>\$ 150,047,876</u>	<u>\$ 150,352,865</u>
Business-type activities				
Net investment in capital assets	\$ 122,420,958	\$ 123,718,769	\$ 125,665,962	\$ 126,934,551
Restricted	-	-	-	-
Unrestricted	58,968,795	62,575,016	66,158,721	70,232,964
Total business-type activities	<u>\$ 181,389,753</u>	<u>\$ 186,293,785</u>	<u>\$ 191,824,683</u>	<u>\$ 197,167,515</u>
Primary government				
Net investment in capital assets	\$ 240,766,201	\$ 250,192,966	\$ 264,348,754	\$ 270,282,442
Restricted	38,576,210	37,216,395	31,767,695	33,060,671
Unrestricted (deficit)	43,442,963	46,769,649	45,756,110	44,177,267
Total primary government	<u>\$ 322,785,374</u>	<u>\$ 334,179,010</u>	<u>\$ 341,872,559</u>	<u>\$ 347,520,380</u>

Source: City's annual financial statements

2019	2020	2021	2022	2023	2024
\$ 163,467,366	\$ 174,166,371	\$ 180,144,479	\$ 182,188,251	\$ 190,523,575	\$ 206,020,929
29,889,601	28,300,716	30,070,067	33,451,932	38,880,938	47,435,582
(32,788,366)	(37,880,102)	(33,948,100)	(25,549,033)	(30,448,249)	(38,394,676)
<u>\$ 160,568,601</u>	<u>\$ 164,586,985</u>	<u>\$ 176,266,446</u>	<u>\$ 190,091,150</u>	<u>\$ 198,956,264</u>	<u>\$ 215,061,835</u>
\$ 127,568,547	\$ 134,704,908	\$ 145,842,809	\$ 153,326,680	\$ 168,641,373	\$ 176,175,141
-	-	48,782	95,842	127,404	258,654
74,023,410	72,415,363	64,030,746	52,656,125	37,223,114	29,645,067
<u>\$ 201,591,957</u>	<u>\$ 207,120,271</u>	<u>\$ 209,922,337</u>	<u>\$ 206,078,647</u>	<u>\$ 205,991,891</u>	<u>\$ 206,078,862</u>
\$ 291,035,913	\$ 308,871,279	\$ 325,987,288	\$ 335,514,931	\$ 359,164,948	\$ 382,196,070
29,889,601	28,300,716	30,118,849	33,547,774	39,008,342	47,694,236
41,235,044	34,535,261	30,082,646	27,107,092	6,774,865	(8,749,609)
<u>\$ 362,160,558</u>	<u>\$ 371,707,256</u>	<u>\$ 386,188,783</u>	<u>\$ 396,169,797</u>	<u>\$ 404,948,155</u>	<u>\$ 421,140,697</u>

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 6,073,981	\$ 7,260,647	\$ 5,064,097	\$ 7,822,056
Public safety	17,649,289	18,811,184	22,712,180	21,046,372
Public works	11,305,231	12,136,916	15,781,996	18,638,195
Community and economic development	3,065,875	3,954,669	3,565,698	4,060,811
Recreation and culture	6,004,747	5,666,367	5,697,673	6,236,403
Interest and fiscal charges	839,175	777,562	399,077	367,467
Total governmental activities	44,938,298	48,607,345	53,220,721	58,171,304
Business-type activities:				
Water and sewer	24,413,229	27,282,209	25,569,364	26,211,694
Ice arena	2,107,211	1,735,010	1,657,727	1,597,966
Senior housing	1,556,956	1,898,830	1,393,543	1,358,521
Total business-type activities	28,077,396	30,916,049	28,620,634	29,168,181
Total primary government expenses	73,015,694	79,523,394	81,841,355	87,339,485
Program revenues				
Governmental activities:				
Charges for services:				
General government	-	-	-	-
Public safety	1,026,876	1,017,405	986,285	438,432
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	1,622,497	2,176,230	1,688,012	1,644,806
Other activities	3,524,521	3,706,651	4,964,178	5,244,540
Operating grants and contributions	5,289,006	5,663,304	5,663,346	6,662,970
Capital grants and contributions	777,202	847,547	1,561,439	1,846,192
Total governmental activities	12,240,102	13,411,137	14,863,260	15,836,940
Business-type activities:				
Charges for services:				
Water and sewer	21,474,451	24,666,297	24,184,714	23,997,466
Ice arena	2,171,061	2,202,031	2,132,426	1,957,549
Senior housing	2,004,464	2,020,797	2,037,187	2,050,896
Operating grants and contributions	-	-	-	-
Capital grants and contributions	6,764,583	5,337,278	5,718,715	5,747,324
Total business-type activities	32,414,559	34,226,403	34,073,042	33,753,235
Total primary government program revenues	44,654,661	47,637,540	48,936,302	49,590,175
Net (expense)/revenue				
Government activities	(32,698,196)	(35,196,208)	(38,357,461)	(42,334,364)
Business-type activities	4,337,163	3,310,354	5,452,408	4,585,054
Total primary government net expense	(28,361,033)	(31,885,854)	(32,905,053)	(37,749,310)

2019	2020	2021	2022	2023	2024
\$ 9,773,538	\$ 9,387,526	\$ 8,898,409	\$ 9,905,432	\$ 11,863,462	\$ 10,067,047
21,159,849	21,208,513	21,551,905	22,497,361	24,526,976	24,926,535
19,254,786	18,850,707	19,252,805	18,111,865	20,604,227	20,938,283
2,994,733	3,061,226	2,600,165	2,897,554	3,134,666	4,534,197
5,926,881	6,163,622	5,646,891	6,937,364	7,248,812	8,296,381
340,183	530,373	530,246	364,139	256,768	274,130
<u>59,449,970</u>	<u>59,201,967</u>	<u>58,480,421</u>	<u>60,713,715</u>	<u>67,634,911</u>	<u>69,036,573</u>
25,278,115	27,569,649	28,870,835	29,992,246	31,163,262	32,610,624
1,682,737	1,572,998	1,327,214	1,768,305	1,998,428	2,186,402
1,366,882	1,408,239	1,272,985	1,343,739	1,429,467	1,481,340
<u>28,327,734</u>	<u>30,550,886</u>	<u>31,471,034</u>	<u>33,104,290</u>	<u>34,591,157</u>	<u>36,278,366</u>
<u>87,777,704</u>	<u>89,752,853</u>	<u>89,951,455</u>	<u>93,818,005</u>	<u>102,226,068</u>	<u>105,314,939</u>
4,127,393	3,562,331	2,840,437	2,617,673	3,017,318	3,205,368
948,648	863,033	894,287	984,832	1,001,550	1,130,754
2,436,551	2,535,094	2,651,784	2,128,289	2,119,912	2,230,290
362,344	302,931	393,919	318,061	304,592	291,987
1,498,614	918,821	1,014,449	1,696,624	2,036,614	2,057,980
-	-	-	-	-	-
8,946,984	9,374,675	13,062,153	11,231,630	10,534,659	11,816,398
1,319,020	1,115,277	67,698	2,693,631	2,297,078	4,770,475
<u>19,639,554</u>	<u>18,672,162</u>	<u>20,924,727</u>	<u>21,670,740</u>	<u>21,311,723</u>	<u>25,503,252</u>
23,725,843	24,106,703	26,196,210	24,966,499	26,912,677	26,378,066
2,021,295	1,563,471	1,143,307	1,806,725	1,819,955	2,080,950
2,084,754	2,103,672	2,116,622	2,143,900	2,169,680	2,186,836
190,521	262,487	261,668	179,713	-	150,000
4,835,047	3,495,517	3,701,535	1,163,815	2,743,881	3,953,534
<u>32,857,460</u>	<u>31,531,850</u>	<u>33,419,342</u>	<u>30,260,652</u>	<u>33,646,193</u>	<u>34,749,386</u>
<u>52,497,014</u>	<u>50,204,012</u>	<u>54,344,069</u>	<u>51,931,392</u>	<u>54,957,916</u>	<u>60,252,638</u>
(39,810,416)	(40,529,805)	(37,555,694)	(39,042,975)	(46,323,188)	(43,533,321)
4,529,726	980,964	1,948,308	(2,843,638)	(944,964)	(1,528,980)
<u>(35,280,690)</u>	<u>(39,548,841)</u>	<u>(35,607,386)</u>	<u>(41,886,613)</u>	<u>(47,268,152)</u>	<u>(45,062,301)</u>

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CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2015	2016	2017	2018
General revenues and transfers				
Governmental activities:				
Property taxes	\$ 31,673,469	\$ 32,932,970	\$ 33,087,219	\$ 36,658,748
State shared revenue and grants	4,696,805	4,963,301	4,651,780	5,173,080
Cable franchise fees	1,105,163	1,334,136	1,304,367	1,288,833
Investment income (loss)	2,132,177	2,455,405	219,207	733,912
Other	-	-	1,017,539	1,195,623
Gain on sale of capital assets	-	-	-	-
Transfers	-	-	240,000	-
Total governmental activities	<u>39,607,614</u>	<u>41,685,812</u>	<u>40,520,112</u>	<u>45,050,196</u>
Business-type activities:				
Investment income (loss)	1,104,990	1,593,678	318,490	828,498
Other	920	-	-	-
Transfers	-	-	(240,000)	-
Total business-type activities	<u>1,105,910</u>	<u>1,593,678</u>	<u>78,490</u>	<u>828,498</u>
Total primary government	<u>40,713,524</u>	<u>43,279,490</u>	<u>40,598,602</u>	<u>45,878,694</u>
Change in net position				
Governmental activities	6,909,418	6,489,604	2,162,651	2,715,832
Business-type activities	5,443,073	4,904,032	5,530,898	5,413,552
Total primary government	<u>\$ 12,352,491</u>	<u>\$ 11,393,636</u>	<u>\$ 7,693,549</u>	<u>\$ 8,129,384</u>

Source: City's annual financial statements

2019	2020	2021	2023	2023	2024
\$ 38,636,830	\$ 40,650,305	\$ 42,583,648	\$ 44,332,235	\$ 46,116,218	\$ 48,688,322
5,658,307	4,977,778	5,646,493	8,263,773	7,480,045	7,585,733
-	-	-	-	-	-
1,468,783	1,332,096	723,864	(368,897)	911,429	3,089,387
266,640	249,270	126,134	387,625	680,610	275,450
114,911	-	155,016	252,943	-	-
2,421,260	(2,661,260)	-	-	-	-
<u>48,566,731</u>	<u>44,548,189</u>	<u>49,235,155</u>	<u>52,867,679</u>	<u>55,188,302</u>	<u>59,638,892</u>
2,220,521	1,886,090	853,758	(1,000,052)	858,208	1,615,951
33,061	-	-	-	-	-
(2,421,260)	2,661,260	-	-	-	-
<u>(167,678)</u>	<u>4,547,350</u>	<u>853,758</u>	<u>(1,000,052)</u>	<u>858,208</u>	<u>1,615,951</u>
<u>48,399,053</u>	<u>49,095,539</u>	<u>50,088,913</u>	<u>51,867,627</u>	<u>56,046,510</u>	<u>61,254,843</u>
8,756,315	4,018,384	11,679,461	13,824,704	8,865,114	16,105,571
4,362,048	5,528,314	2,802,066	(3,843,690)	(86,756)	86,971
<u>\$ 13,118,363</u>	<u>\$ 9,546,698</u>	<u>\$ 14,481,527</u>	<u>\$ 9,981,014</u>	<u>\$ 8,778,358</u>	<u>\$ 16,192,542</u>

concluded.

CITY OF NOVI, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2015	2016	2017	2018
General fund				
Nonspendable	\$ 16,111	\$ 164,628	\$ 486,817	\$ 229,382
Restricted	30,176	25,240	24,189	22,700
Assigned	981,736	1,884,723	1,408,718	1,033,033
Unassigned	11,329,627	11,670,611	10,986,117	10,533,951
Total general fund	<u>12,357,650</u>	<u>13,745,202</u>	<u>12,905,841</u>	<u>11,819,066</u>
All other governmental funds				
Nonspendable	200	-	18,951	740
Restricted	36,911,606	36,323,281	31,696,279	32,712,155
Committed	-	-	-	-
Assigned	-	2,100,000	2,493	-
Unassigned (deficit)	(15,848)	(33,932)	(1,487)	275,737
Total all other governmental funds	<u>36,895,958</u>	<u>38,389,349</u>	<u>31,716,236</u>	<u>32,988,632</u>
Total all governmental funds	<u>\$ 49,253,608</u>	<u>\$ 52,134,551</u>	<u>\$ 44,622,077</u>	<u>\$ 44,807,698</u>

Source: City's annual financial statements

2019	2020	2021	2022	2023	2024
\$ 242,421	\$ 232,326	\$ 465,889	\$ 428,259	\$ 426,373	\$ 597,804
21,722	19,670	17,377	15,028	6,640	2,728
1,310,001	727,865	2,773,299	2,040,575	3,134,485	-
<u>9,722,965</u>	<u>9,616,267</u>	<u>10,418,637</u>	<u>13,925,291</u>	<u>10,877,896</u>	<u>11,483,859</u>
<u>11,297,109</u>	<u>10,596,128</u>	<u>13,675,202</u>	<u>16,409,153</u>	<u>14,445,394</u>	<u>12,084,391</u>
495,625	6,712,569	7,000,108	6,957,059	7,038,431	7,076,244
29,475,530	21,593,522	21,513,093	23,483,865	27,407,793	29,779,832
-	-	-	-	-	2,308,777
-	-	-	-	-	-
<u>(6,762,839)</u>	<u>(11,174,362)</u>	<u>(10,333,452)</u>	<u>(4,902,461)</u>	<u>(3,710,646)</u>	<u>(9,089,137)</u>
<u>23,208,316</u>	<u>17,131,729</u>	<u>18,179,749</u>	<u>25,538,463</u>	<u>30,735,578</u>	<u>30,075,716</u>
<u>\$ 34,505,425</u>	<u>\$ 27,727,857</u>	<u>\$ 31,854,951</u>	<u>\$ 41,947,616</u>	<u>\$ 45,180,972</u>	<u>\$ 42,160,107</u>

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2015	2016	2017	2018
Revenues				
Property taxes	\$ 31,673,469	\$ 32,932,970	\$ 33,087,219	\$ 36,658,748
Special assessments	1,878,475	1,604,014	25,336	49,598
Licenses, permits, and charges for services	3,521,819	4,542,923	4,005,981	3,466,502
Intergovernmental	8,651,460	9,653,887	9,870,824	11,580,519
Fines and forfeitures	639,474	757,403	661,549	677,681
Investment income (loss)	813,221	1,862,098	219,945	734,650
Other	5,545,676	5,007,027	5,759,163	6,307,787
Total revenues	52,723,594	56,360,322	53,630,017	59,475,485
Expenditures				
Current:				
City council	42,436	44,292	47,834	59,258
City manager	508,805	605,833	601,402	633,358
Finance	856,709	906,575	860,661	962,018
Treasury	320,633	314,398	329,479	346,965
Integrated solutions	774,627	1,058,956	1,094,249	995,548
Assessing	717,972	680,102	727,634	796,566
City attorney, insurance, and claims	707,655	736,524	634,805	681,227
City clerk	709,602	725,047	829,982	707,748
Facility management	1,131,978	1,172,435	1,786,574	2,155,715
Forestry and park maintenance	-	-	-	-
Human resources	422,818	414,577	394,393	487,489
Neighborhood and business relations group	943,332	1,260,956	958,328	756,466
General administration	2,419,173	2,395,339	3,749,428	3,486,735
Public safety - Police department	11,809,219	11,954,737	15,583,586	13,686,649
Public safety - Fire department	4,742,808	4,979,561	5,761,346	5,791,591
Community development - Building division	1,597,622	2,088,270	1,926,104	2,040,944
Community development - Planning division	513,832	736,558	530,385	590,816
Department of public works	173,913	255,647	746,075	6,852,777
Engineering	-	-	-	-
Construction	5,947,254	8,075,475	10,330,582	7,826,415
Street maintenance	3,601,702	3,760,085	5,160,645	1,875,569
Drain maintenance	-	-	-	-
Recreational programs	2,377,159	3,772,846	3,765,974	3,752,479
Library programs	2,815,266	2,779,842	2,768,005	2,928,428
Economic development	-	-	-	529,753
Debt service:				
Principal	3,505,000	4,051,000	2,340,000	920,000
Interest and fiscal charges	833,894	818,163	455,020	425,350
Capital outlay	727,121	-	-	-
Total expenditures	48,200,530	53,587,218	61,382,491	59,289,864

2019	2020	2021	2022	2023	2024
\$ 38,636,830	\$ 40,650,305	\$ 42,583,648	\$ 44,332,235	\$ 46,116,218	\$ 48,688,322
48,861	35,829	35,829	35,829	35,829	35,829
7,408,819	6,811,251	6,297,547	5,571,654	5,894,040	6,260,674
12,048,707	11,784,904	17,888,798	19,373,669	16,601,531	17,496,735
820,770	567,292	480,860	471,441	539,415	558,644
2,263,009	1,917,241	959,562	(746,873)	1,291,600	4,169,344
3,537,910	2,399,717	2,249,472	2,710,731	3,534,843	3,292,181
<u>64,764,906</u>	<u>64,166,539</u>	<u>70,495,716</u>	<u>71,748,686</u>	<u>74,013,476</u>	<u>80,501,729</u>
46,815	83,873	63,165	45,178	49,952	57,774
647,112	684,132	594,169	679,226	675,298	735,699
960,130	867,556	869,678	899,174	998,525	955,942
331,059	325,683	382,789	442,560	435,986	471,476
1,168,737	1,332,851	1,526,898	1,387,063	1,637,831	1,774,259
788,255	785,872	782,795	916,200	746,503	770,738
747,932	696,458	697,077	1,059,326	740,544	774,444
884,283	1,021,388	901,185	811,120	1,006,396	1,080,682
2,302,322	1,244,818	1,432,810	1,273,596	1,638,857	2,049,187
1,389,177	1,121,928	1,054,029	1,062,152	1,416,379	1,379,610
498,429	507,682	522,690	539,817	751,532	774,627
1,046,015	937,573	894,707	914,557	1,299,491	1,178,972
3,367,005	3,489,033	3,909,603	3,161,031	2,983,003	3,571,134
13,286,226	13,711,285	14,530,407	14,756,986	15,632,927	16,726,664
7,697,519	6,693,640	6,703,280	7,357,554	6,736,560	7,777,787
1,963,524	2,142,362	1,855,640	1,905,997	2,144,838	2,225,441
591,019	513,348	520,413	671,858	845,766	842,367
11,387,750	1,354,702	3,191,538	3,172,522	4,069,549	3,144,703
516,477	187,517	333,346	363,257	358,487	417,213
6,166,795	5,059,575	2,185,750	2,112,370	3,384,151	11,031,026
9,925,159	10,370,753	13,178,389	11,808,368	12,863,109	12,142,164
578,171	703,158	724,534	717,907	975,320	1,190,809
6,826,606	9,932,172	4,835,649	3,526,437	4,022,237	6,692,807
3,049,354	3,039,985	3,053,271	3,256,463	3,491,515	4,005,899
161,225	128,836	150,762	353,226	362,113	356,186
965,000	1,015,000	1,070,000	1,135,000	1,195,000	1,306,782
398,292	588,731	591,630	425,026	318,251	336,064
-	-	-	-	-	-
<u>77,690,388</u>	<u>68,539,911</u>	<u>66,556,204</u>	<u>64,753,971</u>	<u>70,780,120</u>	<u>83,770,456</u>

continued...

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2015	2016	2017	2018
Revenues over (under) expenditures	\$ 4,523,064	\$ 2,773,104	\$ (7,752,474)	\$ 185,621
Other financing sources (uses)				
Issuance of bonds and other long-term liabilities	-	9,995,301	-	-
Proceeds from sale of capital assets	-	-	-	-
Insurance recovery	-	-	-	-
Payment to refund bond escrow agent	-	(9,887,462)	-	-
Transfers in	13,615,847	13,834,940	7,561,984	5,551,500
Transfers out	(13,615,847)	(13,834,940)	(7,321,984)	(5,551,500)
Total other financing sources (uses)	-	107,839	240,000	-
Net changes in fund balances	\$ 4,523,064	\$ 2,880,943	\$ (7,512,474)	\$ 185,621
Debt services as a percentage of noncapital expenditures	9.1%	9.1%	4.6%	2.3%

Source: City's annual financial statements

2019	2020	2021	2022	2023	2024
\$ (12,925,482)	\$ (4,373,372)	\$ 3,939,512	\$ 6,994,715	\$ 3,233,356	\$ (3,268,727)
-	-	-	-	-	247,862
114,911	215,383	157,230	3,089,374	-	-
87,038	41,681	30,352	8,576	-	-
-	-	-	-	-	-
10,797,120	6,342,329	7,746,716	6,997,881	5,584,200	9,030,243
(8,375,860)	(9,003,589)	(7,746,716)	(6,997,881)	(5,584,200)	(9,030,243)
2,623,209	(2,404,196)	187,582	3,097,950	-	247,862
<u>\$ (10,302,273)</u>	<u>\$ (6,777,568)</u>	<u>\$ 4,127,094</u>	<u>\$ 10,092,665</u>	<u>\$ 3,233,356</u>	<u>\$ (3,020,865)</u>
<u>2.8%</u>	<u>3.2%</u>	<u>3.3%</u>	<u>3.0%</u>	<u>2.7%</u>	<u>2.8%</u>

concluded.

CITY OF NOVI, MICHIGAN

Taxable and Estimated Actual Value of Property

Last Ten Fiscal Years

Year Ended June 30,	Real Property			Personal Property	Total Taxable Value
	Residential Property	Commercial Property	Industrial Property		
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
2015	1,984,120,840	822,896,230	38,788,580	225,066,560	3,070,872,210

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

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

Schedule 5
Unaudited



Tax Rate (mills)	State Equalized Value (SEV)	Taxable Value as a Percentage of Actual Value
10.5376	\$ 5,599,482,760	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%
10.2000	3,365,191,110	91.25%

CITY OF NOVI, MICHIGAN

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of taxable value)

Fiscal Year	City of Novi							
	General	Public Act 359 Advertising	Municipal Street	Police and Fire	Parks and Recreation	Drain Revenue	Capital Improvements	Library
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
2015	5.0182	-	1.5000	1.4282	0.3857	-	-	0.7719

Source: City's finance department records

Note: All rates are expressed in dollars per \$1,000 of taxable value

City of Novi		Novi Schools		South Lyon Schools		Walled Lake Schools		Northville Schools	
Debt Service	Total	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead
0.3471	10.5376	9.0178	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
1.0960	10.2000	12.1729	27.1010	10.8029	25.7310	7.6843	23.4872	4.8700	22.8700

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Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of taxable value)

Fiscal Year	Oakland County	Oakland Community College	Schoolcraft Community College	Oakland Intermediate Schools	Wayne Intermediate Schools	State Education
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
2015	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000

concluded.

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Fiscal 2015 (2014 Taxable Value)			Fiscal 2024 (2023 Taxable Value)		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Redwood-ERC Novi LLC/Fox Run Village	\$ 34,884,280	4	1.0%	\$ 70,200,820	1	1.5%
TVO Mall Owner LLC/Twelve Oaks Mall (Taubman)	52,806,020	1	1.7%	56,879,690	2	1.2%
Singh Development /Waltonwood	43,603,360	3	1.3%	45,480,860	3	1.0%
International Transmission Co	28,228,540	5	0.8%	36,612,580	4	0.8%
Providence Hospital	20,827,540	9	0.6%	37,860,250	5	0.8%
Detroit Edison	26,792,660	8	0.7%	37,283,210	6	0.8%
Occidental Development Ltd.	27,901,640	6	0.8%	33,086,230	7	0.7%
Haggerty Corp./HCP Land LLC				30,820,970	8	0.7%
TBON LLC (Bowman)	27,399,110	7	0.8%	29,490,750	9	0.6%
GR Meadowbrook LLC				22,211,100	10	0.5%
Northern Equities, et al	49,172,110	2	1.5%			
Sun Valley, Ltd./Foundation Walk	14,501,410	10	0.5%			
	<u>\$ 326,116,670</u>		<u>9.59%</u>	<u>\$ 399,926,460</u>		<u>8.60%</u>

Source: City assessor's department records

Property Tax Levies and Collections
Last Ten Fiscal Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collection ⁽¹⁾	Total Collections to Date	
		Current Tax Collection	Percent of Levy Collected		Total Tax Collection ⁽²⁾	Collections as a Percent of Levy
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%
2015	31,383,505	30,973,259	98.69%	305,151	31,278,410	99.67%

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

⁽²⁾ Amounts are net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years.

Source: City's finance department records

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities				Business-type Activities		Total Primary Government	% of Taxable Value	Per Capita
	General Obligation Bonds	Unamortized Premium	Leases and Subscriptions Payable	Special Assessment Bonds	General Obligation Bonds	Special Assessment Bonds			
2024	\$ 4,025,000	\$ 256,061	\$ 181,080	\$ -	\$ 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
2015	16,905,000	-	-	1,360,000	14,150,000	455,000	32,870,000	1.07%	542.47

Source: City's annual financial statements

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Obligation Bonds and Unamortized Premium	Less: Amounts Available in Debt Service Funds	Total	Debt as a percentage of Taxable Value	Per Capita
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
2015	31,055,000	667,085	30,387,915	0.99%	501.51

Source: City's finance department records

Direct and Overlapping Governmental Activities Debt

June 30, 2024

	Net Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
Direct debt			
City of Novi	\$ 4,462,141	100.00%	<u>\$ 4,462,141</u>
Overlapping debt			
Novi School District	191,855,000	99.86%	191,586,403
Northville School District	135,775,000	19.00%	25,797,250
Walled Lake School District	354,675,000	12.88%	45,682,140
South Lyon School District	162,970,000	4.05%	6,600,285
Oakland County	144,919,913	6.18%	8,956,051
Oakland Intermediate School District	38,215,000	5.22%	1,994,823
Schoolcraft Community College	45,305,000	4.98%	<u>2,256,189</u>
Net overlapping debt			<u>282,873,141</u>
Total direct and overlapping debt			<u><u>\$ 287,335,282</u></u>

Source: Various taxing authorities

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

Legal Debt Margin

Last Ten Fiscal Years

Assessed value				<u>\$ 5,599,482,760</u>
Legal debt limit (10% of SEV)				\$ 559,948,276
Gross indebtedness		\$ 6,301,061		
Amount available in debt service funds		<u>(526,741)</u>		
Net bonded debt				<u>5,774,320</u>
Legal debt margin				<u>\$ 554,173,956</u>
Net bonded debt as a percentage of assessed value				<u>0.10%</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
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%
2015	337,915,991	31,055,000	306,860,991	9.19%

Source: City's finance department records

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Special Assessment Collections	Debt Service	Coverage
2024	\$ -	\$ -	-
2023	-	-	-
2022	-	-	-
2021	-	-	-
2020	-	-	-
2019	-	-	-
2018	-	-	-
2017	286,913	153	1,875.25
2016	1,798,863	1,549	1,161.31
2015	2,277,115	1,648	1,381.74

Source: City's annual financial statements

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2015	60,593	2,714,869,365	44,805	3.60%

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

* Not available

Principal Employers

Current Year and Nine Years Ago

Employer	2015			2024		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
St. John Health/Ascension Providence Harman	1,600	1	2.44%	2,395	1	4.15%
Novi Community Schools	950	2	1.45%	683	3	1.18%
ITC Holding, Inc.	502	5	0.76%	583	4	1.01%
Ryder System	660	4	1.01%	500	5	0.87%
Yanfeng				450	6	0.78%
Hanon				375	7	0.65%
Lineage Logistics				371	8	0.64%
Fox Run	834	3	1.27%	331	9	0.57%
Intier/Magna	396	7	0.60%	311	10	0.54%
Eberspaecher North America, Inc.	408	6	0.62%			
Michigan Cat	300	8	0.46%			
Cooper-Standard Automotive	270	9	0.41%			
Comau North America	239	10	0.36%			
	<u>6,159</u>		<u>9.38%</u>	<u>6,934</u>		<u>12.02%</u>

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

CITY OF NOVI, MICHIGAN

Full-time Employees by Function / Program

Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018
Full-time				
City Manager	3.00	3.00	3.00	3.00
Finance Department (1)	9.00	9.00	9.00	9.00
Information Technology	5.00	6.00	7.00	7.00
Assessing	5.00	5.00	5.00	5.00
City Clerk	5.00	5.00	5.00	5.00
Facility Operations	2.00	3.00	3.00	3.00
Human Resources (3)	4.00	4.00	4.00	4.00
Department of Public Safety	115.00	115.00	118.00	123.00
Department of Public Services (4)	34.00	36.00	36.00	36.00
Parks, Recreation, and Cultural Services	11.00	12.00	12.00	12.00
Water and Sewer	14.00	14.00	14.00	14.00
Library	20.00	17.00	16.00	16.00
Community Relations	3.00	6.00	6.00	6.00
Economic Development	-	-	-	1.00
Community Development (2)	21.00	21.00	21.00	21.00
	<u>251.00</u>	<u>256.00</u>	<u>259.00</u>	<u>265.00</u>

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

(2) Combined building and planning

(3) Employees included under General Administration in previous years

(4) Engineering staff combined with DPS

Source: City's finance department records



2019	2020	2021	2022	2023	2024
3.00	3.00	3.00	3.00	3.00	3.00
9.00	9.00	8.00	9.00	8.25	8.25
8.00	8.00	8.00	8.00	8.00	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	3.00	4.00	4.00	-
4.00	4.00	4.00	4.00	5.00	5.00
125.00	121.00	121.00	126.00	129.00	128.00
37.25	37.00	36.00	36.25	36.50	30.50
12.00	12.00	10.00	13.00	11.00	11.00
13.75	12.00	12.00	13.75	15.25	14.25
16.00	17.00	19.00	19.00	20.00	23.00
6.00	6.00	5.00	5.00	5.00	5.00
1.00	-	1.00	1.00	1.00	1.00
21.00	20.00	20.00	22.00	23.00	23.00
<u>269.00</u>	<u>262.00</u>	<u>260.00</u>	<u>274.00</u>	<u>279.00</u>	<u>282.00</u>

CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program

Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018
Election Data				
Registered voters	39,341	38,706	39,706	40,661
Voters at polls	14,341	3,423	20,160	4,126
Absentee ballots	5,029	2,588	9,937	4,141
Percent voting	49%	154%	76%	20%
Police				
Part A crimes	1,654	1,508	1,596	1,454
Part B crimes	622	638	577	1,128
Injury accidents	295	300	273	339
Property damage	1,037	1,084	1,174	1,413
Moving traffic violations	8,216	7,916	5,904	5,427
Parking violations	75	231	392	755
Adult arrests	2,574	2,428	1,965	2,101
Juvenile arrests	98	98	100	119
OUIL arrests	164	217	145	186
False alarms	2,164	2,094	2,074	1,885
Fire				
Fire incidents	113	124	78	95
Service incidents	457	642	502	543
Fire inspections conducted	3,108	2,898	2,944	2,322
Medical emergencies	3,811	3,784	4,064	4,175
Paid-on-call staff	39	71	63	67
Parks and Recreation				
Youth classes/clinics	1,584	1,475	1,577	1,790
Adult classes/clinics	1,244	549	3,268	2,750
Youth leagues	2,199	2,934	3,403	2,724
Adult leagues	5,300	3,868	3,630	4,373
Summer day camp	498	747	691	864
Lakeshore Park vehicle entry (3)	14,391	14,995	14,620	10,285
Lakeshore Park attendance (3)	35,978	37,488	37,217	25,713
Lakeshore Park picnic shelter rental	120	231	150	166
Senior citizens served (4)	79,172	77,687	66,845	65,395
Special event attendance	16,840	18,153	26,026	27,670
Civic Center Rentals	1,058	1,203	916	1,074
Civic Center Attendance (5)	33,988	23,023	21,731	22,156
Novi Theaters - Cast (2)	86	-	-	-
Novi Theaters - Audience (2)	1,705	-	-	-

2019	2020	2021	2022	2023	2024
40,720	41,877	45,457	46,161	46,822	47,530
18,472	4,027	9,811	4,143	14,434	4,351
8,921	6,333	25,945	7,625	14,637	7,813
67%	25%	78%	25%	62%	27%
1,246	1,115	1,133	1,208	1,337	1,209
1,009	808	474	525	618	426
262	254	262	299	368	324
1,446	1,457	904	1,607	1,448	1,630
3,376	2,742	6,039	4,825	4,107	4,041
317	389	22	27	104	55
1,996	1,306	955	810	926	936
64	25	14	15	95	74
135	119	92	111	130	128
1,312	1,847	2,290	1,929	1,666	480
84	80	133	98	109	84
720	687	616	1,910	2,356	3,024
2,057	2,945	4,048	2,581	2,390	2,727
4,439	4,516	4,566	5,246	5,708	5,924
59	54	62	40	30	37
2,172	1,801	2,011	2,618	3,167	2,852
2,856	2,201	823	2,593	3,599	5,220
2,652	2,229	2,381	2,850	3,106	3,108
3,549	2,319	3,217	3,423	3,556	3,976
1,017	295	495	1,867	1,998	1,844
-	-	-	-	-	-
-	-	-	-	-	-
48	-	204	773	433	392
73,015	58,587	50,261	78,623	70,914	90,680
26,645	14,321	2,268	5,289	6,512	5,630
747	214	12	104	370	-
20,135	12,030	284	4,695	-	-
-	-	-	-	-	-
-	-	-	-	-	-

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CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program

Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018
Library (2)				
Items circulated	734,643	793,991	833,558	812,025
Book collections	149,941	140,895	141,129	141,638
Audio/Video/CD collections	27,776	29,077	29,737	30,642
Periodical subscriptions	207	207	218	203
Requests of information	115,392	113,778	117,235	116,219
Youth Summer Reading	2,584	2,084	2,362	2,465
Program participants	40,901	46,854	56,026	60,246
Visitors	392,047	404,979	424,401	488,778
Interlibrary loans	105,588	112,016	115,222	111,236
Water and Sewer Customers:				
Residential	13,946	14,105	14,220	14,411
Commercial (1)	1,259	1,264	1,239	928
Water (in thousand gallons)				
Purchased from Detroit	1,835,567	2,276,389	2,349,960	2,298,596
Sold to residents	1,811,910	1,963,221	2,231,717	2,159,537
Rates				
Fixed rate quarterly water charge	\$ 57.00	\$ 80.00	\$ 56.00	\$ 56.00
Additional usage per 1,000 gallons	4.13	3.05	3.20	3.20
Fixed rate quarterly sewer charge	6.00	30.00	30.00	30.00
Sewer(per thousand gallons of water usage)	4.30	3.40	3.60	3.60

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

(2) Program eliminated in Fiscal Year 2016.

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

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

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

Source: City's finance department records

Schedule 17
Unaudited



2019	2020	2021	2022	2023	2024
857,854	719,842	952,505	822,947	836,089	855,872
139,449	138,683	141,928	141,503	137,566	131,909
30,100	29,193	26,073	23,918	23,639	21,731
190	167	166	152	129	123
114,709	88,345	67,245	65,317	62,322	81,142
2,029	1,338	1,918	2,050	1,956	1,355
75,595	54,334	30,762	23,167	36,914	43,672
463,818	325,645	178,569	348,353	388,677	390,728
102,655	74,748	129,224	89,439	90,016	94,113
13,648	13,856	13,794	14,161	14,250	14,840
935	936	922	939	943	938
2,144,615	2,212,444	2,328,828	2,239,768	2,392,407	2,203,864
2,106,440	1,958,177	2,180,865	2,042,883	2,097,418	1,999,928
\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00
3.26	3.33	3.43	3.43	3.73	3.95
30.00	30.00	30.00	30.00	30.00	30.00
3.89	4.01	4.33	4.33	4.72	5.14

concluded.

CITY OF NOVI, MICHIGAN

Capital Asset Statistics by Function / Program

Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018
Police stations	1	1	1	1
Fire stations	4	4	4	4
Public works				
Miles of major streets	39	44	44	44
Miles of local streets	146	143	144	147
Estimated sidewalks in miles (1)	261	272	275	293
Bridges	10	10	10	10
Street lights	689	691	680	689
Parks and recreation				
Acres	1,288	1,276	1,277	1,329
Locations	15	17	17	21
Library				
Library branches	1	1	1	1
Water and sewer				
Miles of water mains	333	336	341	359
Miles of sanitary sewers	255	268	271	285
Fire hydrants	4,211	4,181	4,267	4,344

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



2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
4	4	5	5	5	5
44	44	45	45	45	46
148	162	149	149	150	152
296	305	307	311	311	316
10	10	17	12	12	12
777	864	877	915	915	918
1,419	1,419	1,419	1,419	1,419	1,493
30	30	30	30	30	30
1	1	1	1	1	1
362	366	367	361	363	366
290	292	287	288	288	290
4,382	4,411	4,473	4,508	4,530	4,596

