
City of Novi, Michigan

**Comprehensive Annual Financial Report
with Supplemental Information
June 30, 2018**

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October 29, 2018

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

CITY COUNCIL

Mayor

Bob Gatt

Mayor Pro Tem

Dave Staudt

Andrew Mutch

Wayne Wrobel

Laura Marie Casey

Gwen Markham

Kelly Breen

City Manager

Pete Auger

City Clerk

Cortney Hanson

We are pleased to submit the Comprehensive Annual Financial Report of the City of Novi for the fiscal year ended June 30, 2018. This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials and other interested parties. The financial statements contain all disclosures necessary to enable the reader to gain an understanding of the City's financial activities. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

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

Profile of the Government

The City of Novi, incorporated in 1969, is strategically located in the southwestern portion of vibrant Oakland County. Located just 30 miles northwest of downtown Detroit, the suburban City government serves approximately 61,000 residents (per the Southeast Michigan Council of Governments July 2017 estimates, an 10.5% increase from the 2010 national census) and encompasses an area of approximately 32 square miles. Novi is considered a choice community to live and work. A dynamic, growing community, Novi offers an abundance of rolling, wooded acreage, which provides a unique natural backdrop for residential, commercial and industrial land development. Novi is well connected to highway, rail, and air transportation routes offering outstanding accessibility to the rest of the world.

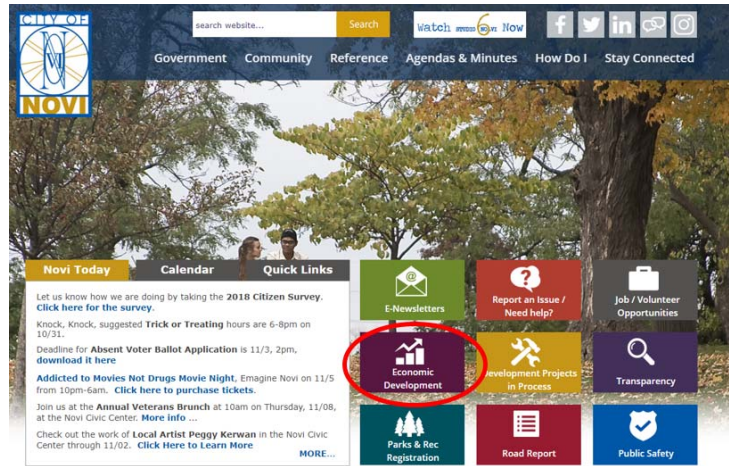
City of Novi

45175 W. Ten Mile Road
Novi, Michigan 48375
248.347.0460
248.347.0577 fax

cityofnovi.org

Businesses can also count on an abundance of county and regional resources or help with creating new business opportunities, securing financing, improving technological business expertise, and learning to do

business abroad. Novi's quality of life stems from its successful balance of residential and commercial tax base. In its effort to maintain open relationships with businesses and residents, Novi maintains a comprehensive web site at cityofnovi.org.



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

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

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

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

Factors Affecting Financial Condition

Local Economy – Standard & Poor's, which provides credit ratings and other financial analysis, affirmed the City of Novi's high quality rating on general obligation bonds as AAA in November 2015. Standard & Poor's defines an AAA rating as "being the highest possible rating and reflects the opinion that the issuer has extremely strong capacity to meet its financial commitments." This rating places Novi in an elite group of communities throughout the country. Standard & Poor's 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”

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

- Money Magazine ranked Novi #23 on their top 50 places to live in the United States.
- Berkshire eSupply will be locating and building a new global headquarters. With a nearly \$50 million investment and locating over 300 hundred employees to the City. The development will be a new state of the art fulfillment center.
- Orotex Corporation is doubling the size of their US Headquarters (located within Novi) and investing \$10.3 million while creating an additional 50 jobs.
- Hanon Systems is relocating to Novi which will be their Americas Innovation Center and housed in a 217,000 square foot facility. Hanon will hire 65 new employees in addition to relocating nearly 400 hundred to the City with a nearly \$40 million investment.
- Nachi Robotics has expanded into a new state of the art facility investing \$12.07 million and hiring an additional 36 new full time staff.

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

Financial Policies

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

Recreation, and varying reserves for the remaining special revenue funds dependent on the funds yearly activity and capital needs.

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

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

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

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

The 2010 Census reported Novi's population at 55,224, a 16.5% increase from the 2000 Census population of 47,386. The 2010 Census data is required to be used for the Constitutional portion of State Shared Revenue distributions beginning mid-2011. A constitutional portion is distributed to cities, villages and townships based on a community's population and cannot be eliminated without a vote of the people. For the fiscal year ended June 30, 2018, Novi's reliance on revenue sharing payments represents 14.7% of total General Fund revenues or \$4,752,364. Novi's revenue sharing distribution increased by 3% or \$136,794 from the prior fiscal year.

The City of Novi has made great strides over the past twenty years in both managing and reducing debt while recognizing savings from refunded/called debt activities. *For the fiscal year ended June 30, 2018, **debt obligations were reduced by \$2,425,000 from the prior fiscal year.** Total direct debt at June 30, 2018 was \$20,975,000*

Major Initiatives – The residents of Novi approved a ten-year capital improvement millage (CIP) which was first levied July 2018. The City continues to investment in infrastructure to maintain its current structures as well as provide investments in new acquisitions. In Fiscal Year 2018 the CIP millage was used to provide for park trail head improvements (parking lot, bike racks, and shelter) at the City's park locations as well as capital investments at park facilities, for the beginning construction stage of a new Department of Public Services building and to purchase additional park property. The City is also striving to increase its pension funding level. The Fiscal Year 2018 funding level is 65.72% (plan fiduciary net position as a percentage of total pension liability). During the current year, the City contributed an additional \$450,000 (over and above the required actuarial required contribution) towards the defined benefit pension liability.

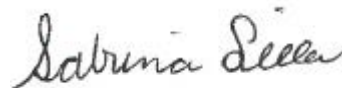
Awards – The Government Finance Officers Association (GFOA) awarded a Certificate of Excellence in Financial Reporting to the City of Novi for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 20th year that the City of Novi has received this prestigious award.

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

Respectfully submitted,



Carl Johnson
Finance Director/Treasurer



Sabrina Lilla
Deputy Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Novi
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Mayor and City Council

Office of the City Manager



Federal, State, County Government

Organizational Chart

Citizens

Volunteer Boards & Commissions

Public Services

Engineering

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

Field Operations

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

Forestry

Fleet Maintenance

Water & Sewer

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

State of Michigan Department of Environmental Quality

Road Commission for Oakland County

Michigan Department of Transportation

State of Michigan Department of Natural Resources

Federal Bureau of Investigation

Michigan State Police

Parks, Recreation & Cultural Services - Programs

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

Civic Organizations

Schools

nurture

Library

novilibrary.org

Parks, Recreation & Cultural Field Services (through DPS)

- * Park Maintenance
- * Park Development

City Clerk

Human Resources

operate

Assessing Finance/Treasury Purchasing

Information Technology Geographic Information Facility Operations

Private Sector Investments

Detroit Regional Chamber of Commerce

Automation Alley

invest

Neighborhood & Business Relations

cityofnovi.org
InvestNovi.org

- * Communications
- * Community Relations
- * Civic Engagement
- * Business Attraction/Retention/Expansion
- * Community Television
- * Employee Engagement
- * Novi Youth Council

Community Development

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

Homeowner Associations

Public Safety

Administration

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

Police

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

Fire

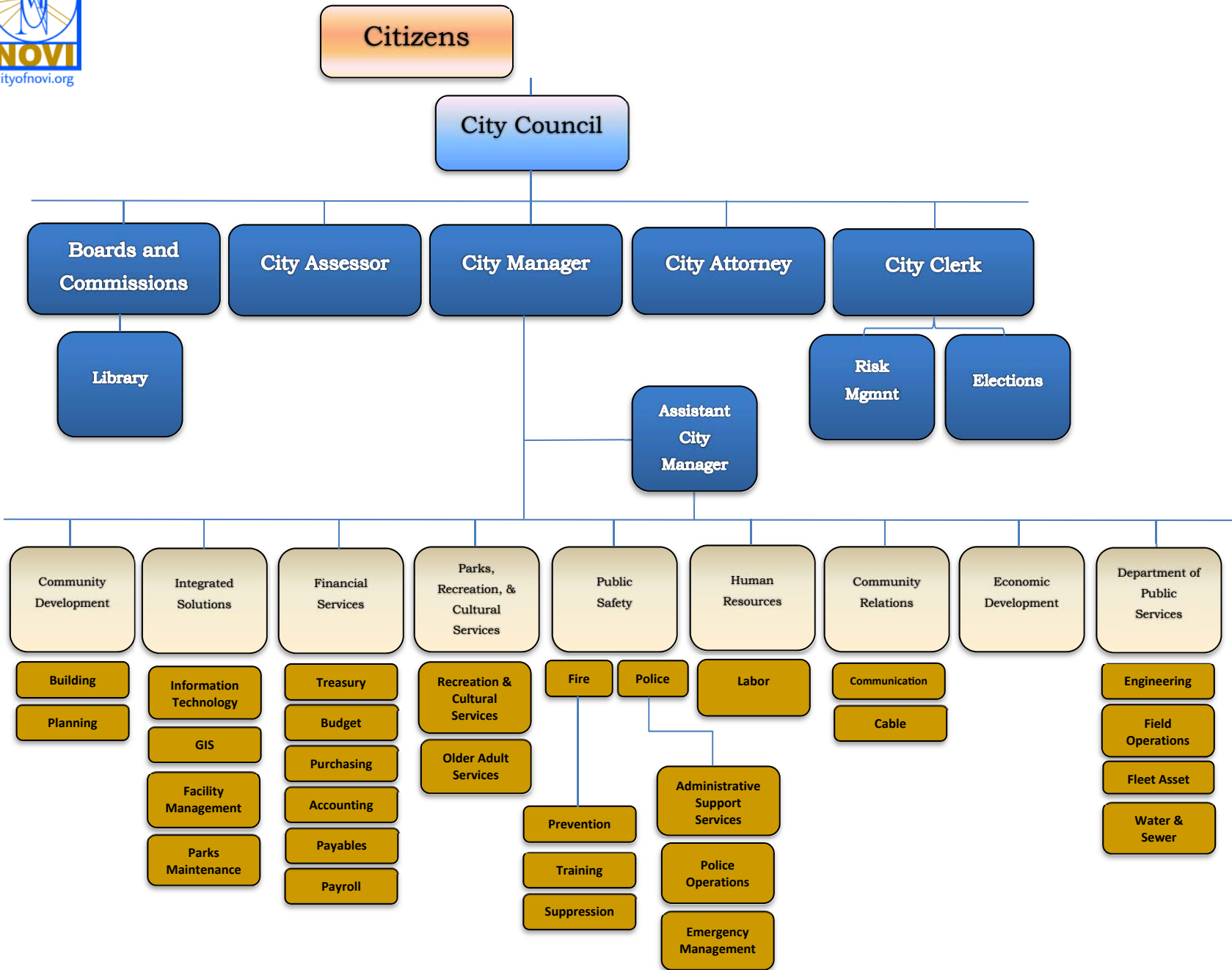
- * Emergency Medical Services Response
- * Fire Prevention/Inspections
- * Fire Suppression
- * Citizen Engagement

Emergency Preparedness & Management

- * CERT
- * Citizen Engagement

Michigan Economic Development Corp

Courts



Title	Name
City Manager	Peter Auger
Assistant City Manager	Victor Cardenas
Assessor	Micheal Lohmeier
Deputy Assessor	Jan Ziozios
City Clerk	Cortney A. Hanson
Deputy City Clerk	Dawn Spaulding
Director of Human Resources	Tia M. Gronlund-Fox
Director of Communications	Sheryl L. Walsh
Director of Economic Development	Alan Weber
Water and Sewer Asset Manager	Scott Rosselle
Water and Sewer Senior Engineer	Benjamin Croy
Director of Public Services/City Engineer	Jeff Herczeg
Roadway Asset Manager	Gerald P. Tremblay
Engineering Manager	George Melistas
Field Operation Senior Manager	Matthew T. Wiktorowski
Chief Information Officer	Robert L. Petty
GIS Manager	Keri Blough
Community Development Director	Charles S. Boulard
Community Development Deputy Director	Larry Butler
Parks, Recreation and Cultural Services Director	Jeff Muck
Parks, Recreation and Cultural Services Deputy Director	Tracie Ringle
Older Adult Services Manager	Karen Kapchonick
Director of Public Safety	David E. Molloy
Assistant Police Chief	Scott Baetens
Assistant Police Chief	Eric Zinser
Director of Emergency Medical Services and Fire Operations	Jeffery R. Johnson
Analyst Planner	Patricia A. Cauchi
Library Director	Julie E. Farkas
Finance Director	Carl Johnson
Deputy Finance Director	Sabrina Lilla
Senior Budget Analyst	Jessica Dorey
Purchasing Manager	Susan J. Morianti
Assistant City Treasurer	Tina Glenn

Governmental Funds

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

Proprietary Fund - Enterprise Funds

Ice Arena Water and Sewer Senior Housing
--

Fiduciary Funds

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

Component Unit

Economic Development Corporation

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Novi, Michigan (the "City") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City of Novi, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Novi, Michigan as of June 30, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, in 2018, the City adopted the new accounting guidance of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This new standard establishes financial reporting requirements for employers providing OPEB benefits to their employees. Our opinion is not modified with respect to this matter.

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

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise City of Novi, Michigan's basic financial statements. The other supplemental information and introductory and statistical sections, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

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

Plante & Moran, PLLC

October 29, 2018

Management's Discussion and Analysis

The City of Novi, Michigan's (the "City") management's discussion and analysis is a narrative overview of the City's financial activities for the fiscal year ended June 30, 2018. The information presented here should be read in conjunction with our letter of transmittal, the financial statements, and notes to the financial statements that follow.

Financial Highlights

- Total assets related to the City's governmental activities exceeded liabilities at June 30, 2018 by \$150,352,865.
- Investment in governmental activities capital assets (net of depreciation and related debt) accounts for approximately 95 percent of this amount, with a value of \$143,347,891.
- Of the remaining governmental activities net position, \$33,060,671 is restricted and a negative \$26,055,697 is unrestricted. The negative unrestricted portion is a result of the prior implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the City to establish a new net pension liability of \$28,068,872 in 2016. The current year's reduction in unrestricted is primarily due to the significant investment in capital assets of more than \$13.4 million.
- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$44,807,698, an increase of \$185,621 over the prior year. Fund balance of the General Fund totaled \$11,819,066 at June 30, 2018, a decrease of \$1,086,775 in comparison with the prior year. Of this amount, \$10,533,951 is unassigned, which represents nearly 30 percent of fiscal year 2018 budgeted annual expenditures (excluding transfers).
- **Total debt obligations were reduced by \$2,425,000** from the prior year. Total debt at June 30, 2018 was \$20,975,000 (excluding unamortized bond premium).

Overview of the Financial Statements

This discussion and analysis provides an introduction and overview to the City's basic financial statements. This information will assist users in interpreting the basic statements. We will also provide other financial discussion and analysis of certain plans, projects, and trends necessary for understanding the full context of the financial condition of the City.

Basic Financial Statements - The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The financial section of this report also contains required supplemental information, in addition to the basic financial statements.

Government-wide Financial Statements - Government-wide financial statements provide readers with a broad overview of the City's finances in a manner similar to a private sector business, distinguishing functions of Novi that are principally supported by taxes and intergovernmental revenue (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities").

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private sector business and presents a longer-term view of the City's finances. Over time, increases or decreases in net position can serve as one indicator of the financial position of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The statement of activities presents information showing how the City's net position changed during the year. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent to which each program relies on taxes for funding.

Management's Discussion and Analysis (Continued)

All changes in net position are reported using the accrual basis of accounting, which requires that revenue be reported when it is earned and expenses be reported when incurred. Items such as deferred special assessments and earned but unused employee leave time will be included in the statement of activities as revenue and expense, even though the cash flows associated with these items will be recognized in future fiscal periods.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 39*, the City has identified certain entities as component units in the government-wide financial statements. By virtue of its authority to exercise influence over their operations, the City has included the financial statements of the Economic Development Corporation, which is a discretely presented component unit within the government-wide financial statements. In addition, the Building Authority is included as a blended component unit.

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 of Novi, Michigan, like other state and local governments, establishes funds for compliance with finance-related legal requirements. All of the funds of the City fall into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental funds account for most, if not all, of a government's tax-supported functions. Proprietary funds account for a government's business-type activities, where all or part of the costs of activities are supported by fees and charges that are paid by those who benefit from the activities. Fiduciary funds account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds - The City of Novi, Michigan maintains 22 individual governmental funds. The governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances present separate columns of financial data for the General Fund and Major Street Fund. These funds were considered major funds as of June 30, 2018. The remaining 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 located in the other supplemental information section of this report.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year; this information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the measurement focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The government-wide statements give readers a better understanding of the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the statement of revenue, expenditures, and changes in fund balances provide reconciliation to the governmental activities column in the government-wide statements, facilitating this comparison.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund within the required supplemental information. Budgetary comparisons for other nonmajor special revenue funds are presented within the other supplemental section of the report.

Management's Discussion and Analysis (Continued)

Proprietary Funds - Proprietary 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 activities. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the proprietary fund statement of net position to the business-type column on the government-wide statement of net position, the total net position agrees and, therefore, they need no reconciliation.

The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Ice Arena Fund, and the Senior Housing 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 and are an integral part of the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also contains certain required supplemental information concerning budgetary comparisons of the General Fund and Major Street Fund. The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplemental information.

City of Novi, Michigan

Management's Discussion and Analysis (Continued)

Government-wide Financial Analysis

Statement of Net Position - As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The City's assets exceeded total liabilities by \$347,520,380 at June 30, 2018. The following table shows, in a condensed format, the net position as of June 30, 2018 and 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current Assets	\$ 53,952,925	\$ 52,044,817	\$ 77,658,252	\$ 74,520,177	\$ 131,611,177	\$ 126,564,994
Noncurrent assets:						
Restricted assets	-	-	-	-	-	-
Capital assets	154,310,663	150,615,098	137,264,551	137,500,962	291,575,214	288,116,060
Other	-	-	-	-	-	-
Total assets	208,263,588	202,659,915	214,922,803	212,021,139	423,186,391	414,681,054
Deferred Outflows of Resources	1,986,858	5,079,676	54,228	177,260	2,041,086	5,256,936
Liabilities						
Current liabilities	8,109,718	6,791,829	5,866,067	6,972,229	13,975,785	13,764,058
Long-term liabilities	46,451,707	50,899,886	11,792,513	13,401,487	58,244,220	64,301,373
Total liabilities	54,561,425	57,691,715	17,658,580	20,373,716	72,220,005	78,065,431
Deferred Inflows of Resources	5,336,156	-	150,936	-	5,487,092	-
Net Position						
Net investment in capital assets	143,347,891	138,682,792	126,934,551	125,665,962	270,282,442	264,348,754
Restricted	33,060,671	31,767,695	-	-	33,060,671	31,767,695
Unrestricted	(26,055,697)	(20,402,611)	70,232,964	66,158,721	44,177,267	45,756,110
Total net position	<u>\$ 150,352,865</u>	<u>\$ 150,047,876</u>	<u>\$ 197,167,515</u>	<u>\$ 191,824,683</u>	<u>\$ 347,520,380</u>	<u>\$ 341,872,559</u>

Over 78 percent of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City's capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position related to governmental activities is the amount that may be used to meet the City's ongoing obligations. In the current year, the unrestricted net position is (\$26,055,697), which was due to the net pension liability of approximately \$32.8 million and the significant current year investment in capital assets.

Changes in Net Position - The City's total net position increased by \$5,647,821 during the fiscal year. Governmental activities increased net position by \$304,989, which represents 5 percent of the total increase in net position for the City. The unrestricted portion of net position related to governmental activities decreased by \$5,653,086, while restricted net position increased by \$1,292,976. As stated above, the negative unrestricted portion is a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the fiscal year 2016. The City's current year increase in governmental activities is primarily due to utilizing restricted and unrestricted funds to invest in capital assets.

In keeping with the City Council's goal to improve the City's infrastructure, the Engineering Division managed approximately 100 capital improvement projects relating to roads, intersections, pathways, storm water, sanitary sewer, and water distribution sections during the 2017/2018 fiscal year. Several key projects are highlighted below.

Management’s Discussion and Analysis (Continued)

The 2017/2018 Neighborhood Road Program followed the City’s asset management approach for pavements that was established in 2009. The asset management program stresses the importance of using preventive maintenance to preserve good quality roads using low-cost rehabilitation techniques, rather than allowing the roads to deteriorate to a point that requires reconstruction involving much more effort at a higher cost. Roads in this program were addressed with rehabilitation methods such as milling, discrete base stone repairs, the addition of an interlayer membrane to increase strength, and waterproofing. The City developed an additional program during the fiscal year for concrete panel repair which addressed concrete panels and pavement joints in disrepair along neighborhood streets. The City performed panel repair on 40 neighborhood streets.

Additional projects include:

- Installation of street lighting in nine subdivisions
- Beck Road Rehabilitation from Eight Mile to Nine Mile Roads
- Meadowbrook Road Rehabilitation from I-96 to 12 Mile Road
- Bishop-Ingersol Streambank Stabilization Project
- Meadowbrook Commons parking lot and backup generator
- Various sidewalk segments and pathways

Business-type activities increased net position by \$5,413,552. The majority of the increase is a result of \$3,032,458 of contributed water and sewer assets in the current year in the Water and Sewer Fund.

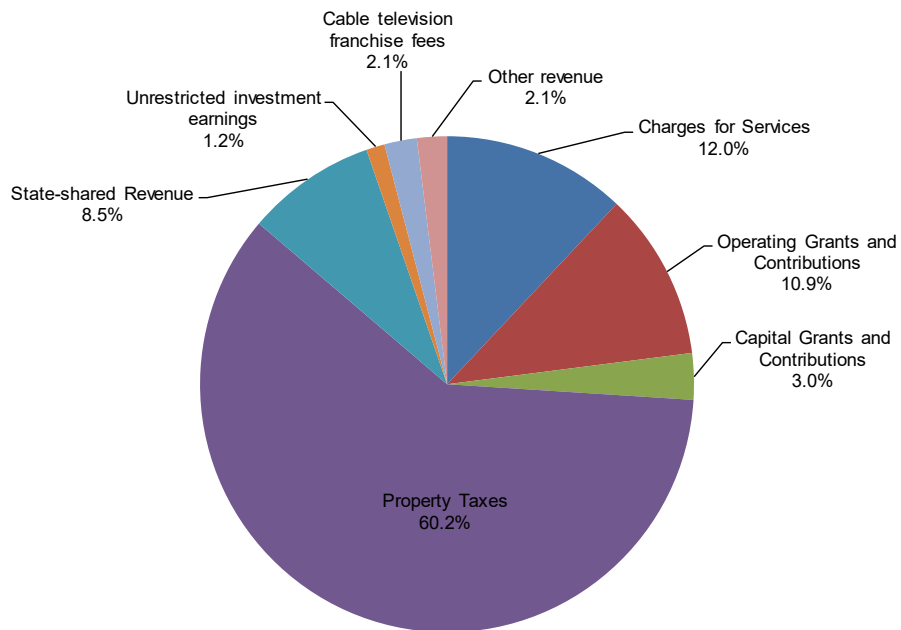
Key elements of this net position increase are shown in the following table:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Program revenue:						
Charges for services	\$ 7,327,778	\$ 7,638,475	28,005,911	28,354,327	35,333,689	35,992,802
Operating grants and contributions	6,662,970	5,663,346	-	-	6,662,970	5,663,346
Capital grants and contributions	1,846,192	1,561,439	5,747,324	5,718,715	7,593,516	7,280,154
General revenue:						
Property taxes	36,658,748	33,087,219	-	-	36,658,748	33,087,219
State-shared revenue	5,173,080	4,651,780	-	-	5,173,080	4,651,780
Unrestricted interest on earnings	733,912	219,207	828,498	318,490	1,562,410	537,697
Cable television franchise fees	1,288,833	1,304,367	-	-	1,288,833	1,304,367
Other Revenue	1,195,623	1,017,539	-	-	1,195,623	1,017,539
Transfers	-	240,000	-	-	-	240,000
Total revenue	60,887,136	55,383,372	34,581,733	34,391,532	95,468,869	89,774,904
Program Expenses						
General government	7,822,056	5,064,097	-	-	7,822,056	5,064,097
Public safety	21,046,372	22,712,180	-	-	21,046,372	22,712,180
Public works	18,638,195	15,781,996	-	-	18,638,195	15,781,996
Community and economic development	4,060,811	3,565,698	-	-	4,060,811	3,565,698
Recreation and culture	6,236,403	5,697,673	-	-	6,236,403	5,697,673
Interest on long-term debt	367,467	399,077	-	-	367,467	399,077
Water and sewer	-	-	26,211,694	25,569,364	26,211,694	25,569,364
Ice arena	-	-	1,597,966	1,657,727	1,597,966	1,657,727
Senior Housing	-	-	1,358,521	1,393,543	1,358,521	1,393,543
Total expenses	58,171,304	53,220,721	29,168,181	28,620,634	87,339,485	81,841,355
Transfers	-	-	-	240,000	-	240,000
Change in Net Position	2,715,832	2,162,651	5,413,552	5,530,898	8,129,384	7,693,549
Net Position - Beginning of year	147,637,033	147,885,225	191,753,963	186,293,785	339,390,996	334,179,010
Net Position - End of Year	\$ 150,352,865	\$ 150,047,876	\$ 197,167,515	\$ 191,824,683	\$ 347,520,380	\$ 341,872,559

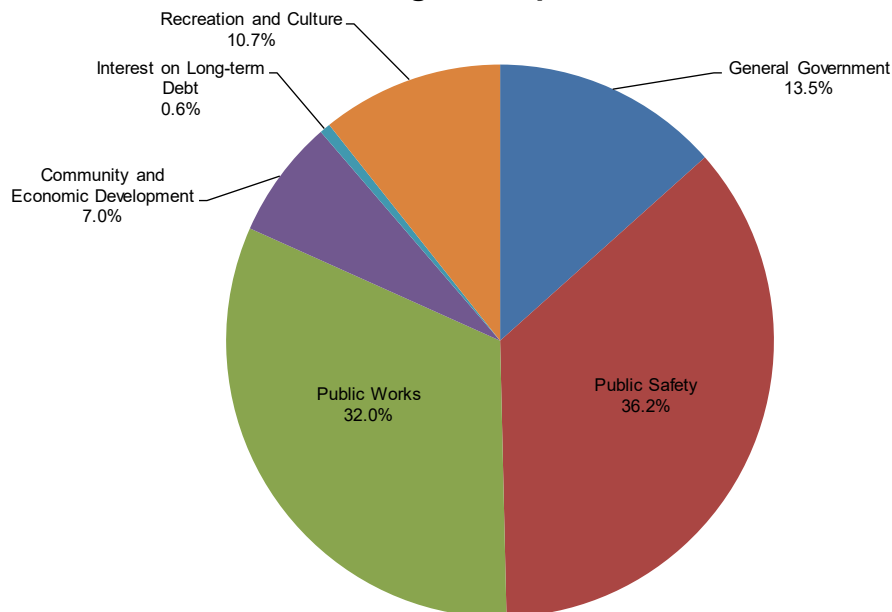
Management's Discussion and Analysis (Continued)

Governmental Activities - Program revenue, which include user fees and charges and restricted operating and capital grants and contributions, represents 25.9 percent of total governmental revenue sources. Program revenue reduces the net cost of the governmental functions to be financed from the City's general revenue, which is comprised primarily of property taxes and state revenue sharing.

Revenue by Source - Governmental Activities



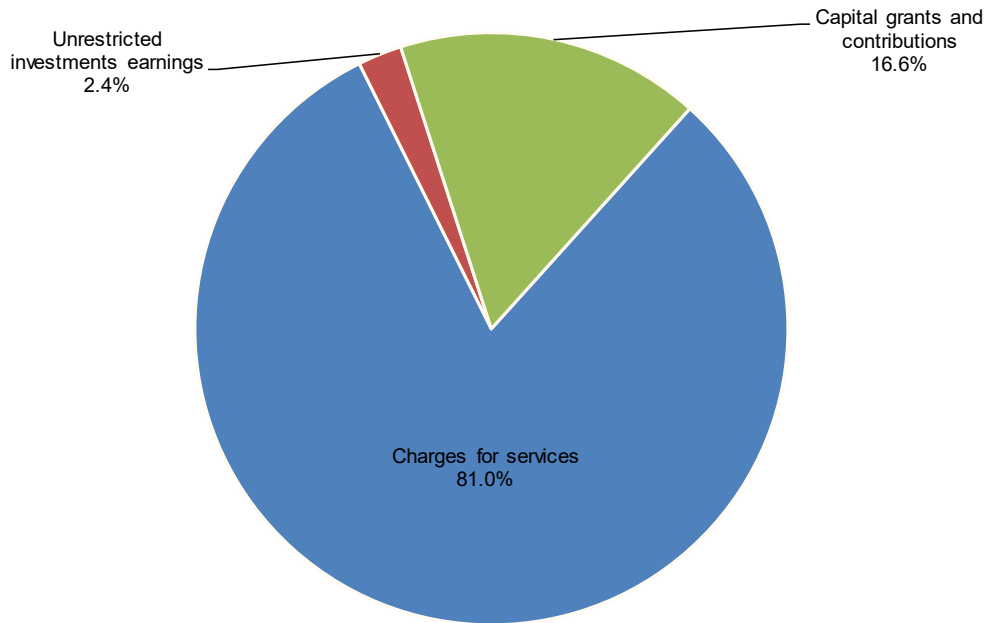
Program Expenses



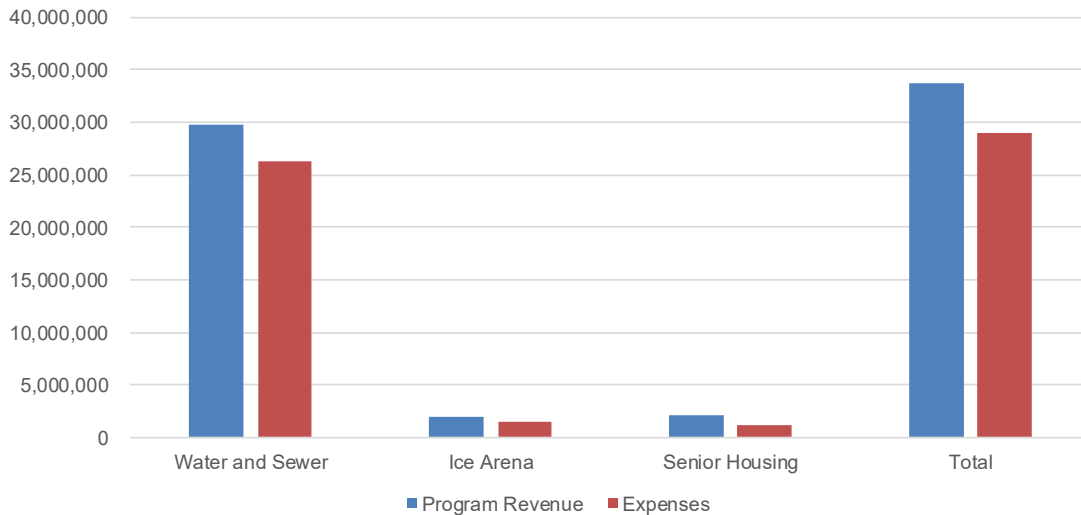
Management's Discussion and Analysis (Continued)

Business-type Activities - Business-type activities increased net position by \$5,413,552. The majority of the increase is a result of \$3,032,458 of contributed water and sewer assets in the Water and Sewer Fund

Revenue by Source - Business-type Activities



Expenses and Program Revenue - Business-type Activities



Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

Governmental Funds - The City has 22 governmental funds, categorized into four fund types. Each fund type has a unique purpose. The General Fund and Major Street Fund are the only funds classified as major funds for the purpose of this report based on criteria set forth by the Governmental Accounting Standards Board.

As of June 30, 2018, the governmental funds of the City reported a combined fund balance of \$44,807,698, an increase of \$185,621 in comparison with the prior year. The majority of this total amount, or \$33,998,010, is considered nonspendable, restricted, or assigned for specific purposes, which includes road construction and maintenance, storm water systems, assessments, debt service, library operations, police and fire operations, etc. Fund balance of the General Fund totaled \$11,819,066 at June 30, 2018, a decrease of \$1,086,775 in comparison with the prior year. Of this amount, \$10,553,951 is unassigned, which represents nearly 30 percent of fiscal year 2018 budgeted annual expenditures. Of the \$30,612,890 restricted governmental funds fund balance, \$9,709,389, or approximately 21.7 percent, is restricted for roads in the Major Street, Local Street, Municipal Street, and Street Improvement funds. Another \$6,959,355 or 15.5 percent, is restricted for storm water systems in the Drain Revenue and Drain Perpetual Maintenance funds. Another 16.0 percent of fund balance is restricted or assigned for infrastructure improvements in the capital improvement funds.

Proprietary Funds - Total net position increased \$5,413,552 from the prior year or 2.8 percent.

General Fund Budgetary Highlights

The City had favorable budget results for the fiscal year ended June 30, 2018. In total, revenue was slightly lower than amended budget estimates for the year by approximately \$761,000 or 2.3 percent, primarily a result of the following:

- Property Tax Revenue - Revenue is approximately \$53,000 higher than budgeted through the end of the fiscal year. Real property tax chargebacks billed by the county were less than anticipated and less than prior years. The liability for potential tax tribunal refunds was also reduced due to the decrease in the number of outstanding cases.
- Licenses, Permits, and Charges for Services - Revenue is approximately \$516,000 lower than anticipated primarily due to a decrease in the fourth quarter of developer activity. This revenue is also where some of the construction escrow close-out funds were recognized. The escrow close out project has come to a close and therefore revenues have decreased.
- Interest Income (including investment gain/loss) - This revenue is approximately \$218,000 below budget. While the increase in interest rates during the year resulted in actual interest income greater than budget, the increase in rates also resulted in the write down to market value some of the longer-term investments. While this write down shows as a reduction to revenue, it is unrealized and will not result in any actual losses as the investment will be held to maturity.

Management's Discussion and Analysis (Continued)

Actual expenditures as of June 30, 2018 were under budget by approximately \$1,374,000 or 4.0 percent. The favorable variance is made up of two specific pieces: capital rollover and favorable department budgets. Capital expenditure rollovers total approximately \$1,033,000 of the favorable variance and represent contracts/commitments the City has entered into that were not completed as of June 30, 2018 and will require a budget rollover amendment for the FY 2017/2018 fiscal year. The remaining variance represents individual departments under budget. Every department, in total (and within each budget category), is under its expenditure budget. Implementation of tighter budget controls and all departments adhering to their adopted and amended budgets ensures a favorable variance on an annual basis. The majority of the savings is from position vacancies which result in salary and fringe benefit savings. While the favorable variance may seem like a large number, it actually is not very large based on an annual budget of more than \$35.0 million. The culture within the City also plays a significant role in the favorable expenditure variances. Departments spend their budgets for items needed for their operations and do not spend their budgets just because they are there or because they lapse at year end.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets, including construction in progress, for its governmental and business-type activities as of June 30, 2018 totals \$291,575,214 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 31,618,061	\$ 30,748,798	\$ 2,272,256	\$ 2,272,256	\$ 33,890,317	\$ 33,021,054
Buildings and Improvements	27,565,430	28,570,575	17,797,018	17,813,609	45,362,448	46,384,184
Machinery and equipment and library books	7,742,142	6,942,238	829,269	869,040	8,571,411	7,811,278
Infrastructure	81,631,310	74,823,154	114,486,790	115,030,491	196,118,100	189,853,645
Land improvements	1,847,819	975,891	1,180,953	198,743	3,028,772	1,174,634
Construction in progress	3,905,901	8,554,442	698,265	1,316,823	4,604,166	9,871,265
Total	\$ 154,310,663	\$ 150,615,098	\$ 137,264,551	\$ 137,500,962	\$ 291,575,214	\$ 288,116,060

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-term Debt - The following table is a comparison of the summary information for the fiscal years ended June 30, 2018 and 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 10,645,000	\$ 11,565,000	\$ 2,985,000	\$ 3,465,000	\$ 13,630,000	\$ 15,030,000
Special assessment debt with government commitment	-	-	-	150,000	-	150,000
Building authority bonds	-	-	7,345,000	8,220,000	7,345,000	8,220,000
Total	\$ 10,645,000	\$ 11,565,000	\$ 10,330,000	\$ 11,835,000	\$ 20,975,000	\$ 23,400,000

Additional information on the City's long-term debt can be found in Note 6 of this report.

City of Novi, Michigan

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The budget plan, as originally approved in the fiscal year 2018-2019 budget, has General Fund expenditures exceeding annual revenue by \$50,000.

City of Novi General Fund

Description	Estimated 2017-2018	Budget 2018-2019
Annual revenue	\$ 33,286,746	\$ 34,765,376
Annual expenditures (excluding transfers out)	35,080,964	\$ 34,558,576
Transfers out to other funds	(93,500)	256,800
Total expenditures	\$ 34,987,464	\$ 34,815,376

Note: Source - 2018-2019 Annual Budget Document. Budget 2018-2019 Annual revenue does not include appropriation from fund balance.

The state-shared revenue projections for 2018-2019 are based on the State's estimate. State shared revenue is estimated to be 2% greater than fiscal year 2017-2018.

The 2019 fiscal year approved tax millage rate remained at 10.5376 from fiscal year 2018 to fiscal year 2019. Novi voters approved a 10-year capital improvement 1.0 mill in August 2016 which was levied for the first time during the 2017/2018 fiscal year.

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.

June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
Assets				
Cash and cash equivalents (Note 3)	\$ 2,726,831	\$ 4,203,603	\$ 6,930,434	\$ 11,907
Investments (Note 3)	46,516,763	66,072,756	112,589,519	-
Accounts receivable:				
Taxes	-	353,265	353,265	-
Special assessments	12,294	1,024,106	1,036,400	-
Water and sewer billing	-	5,834,691	5,834,691	-
Accrued interest	562,457	-	562,457	-
Other	730,313	64,067	794,380	-
Due from other governments	1,827,194	-	1,827,194	-
Inventory	-	72,295	72,295	-
Prepaid expenses and other assets	230,122	2,161	232,283	-
Net OPEB asset (Note 10)	1,346,951	31,308	1,378,259	-
Capital assets - Net: (Note 4)				
Assets not subject to depreciation	35,523,962	2,970,521	38,494,483	-
Assets subject to depreciation	118,786,701	134,294,030	253,080,731	-
Other	-	-	-	35,000
Total assets	208,263,588	214,922,803	423,186,391	46,907
Deferred Outflows of Resources				
Deferred outflows related to refunding bonds	706,469	-	706,469	-
Deferred pension costs (Note 8)	1,280,389	54,228	1,334,617	-
Total deferred outflows of resources	1,986,858	54,228	2,041,086	-
Liabilities				
Accounts payable	5,026,273	3,998,045	9,024,318	-
Refundable deposits	90,812	230,256	321,068	-
Accrued liabilities and other	2,740,081	1,633,748	4,373,829	-
Unearned revenue	252,552	4,018	256,570	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Compensated absences	1,381,580	72,876	1,454,456	-
Current portion of long-term debt	965,000	1,380,000	2,345,000	-
Due in more than one year:				
Compensated absences (Note 6)	592,106	-	592,106	-
Net pension liability (Note 8)	32,808,780	1,389,637	34,198,417	-
Long-term debt (Note 6)	10,704,241	8,950,000	19,654,241	-
Total liabilities	54,561,425	17,658,580	72,220,005	-
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 8)	1,407,719	59,625	1,467,344	-
Deferred OPEB cost reductions (Note 10)	3,928,437	91,311	4,019,748	-
Total deferred inflows of resources	5,336,156	150,936	5,487,092	-
Net Position				
Net investment in capital assets	143,347,891	126,934,551	270,282,442	-
Restricted:				
Roads	9,721,683	-	9,721,683	-
Public safety	825,041	-	825,041	-
Community	2,282	-	2,282	-
Debt service	252,483	-	252,483	-
Infrastructure improvements	6,095,082	-	6,095,082	-
Parks, recreation, and cultural services	1,063,819	-	1,063,819	-
Library	3,611,978	-	3,611,978	-
Storm water systems	6,959,355	-	6,959,355	-
Tree replacement and maintenance	3,688,820	-	3,688,820	-
Street lighting improvement	51,960	-	51,960	-
PEG access support fees	788,168	-	788,168	-
Unrestricted	(26,055,697)	70,232,964	44,177,267	46,907
Total net position	\$ 150,352,865	\$ 197,167,515	\$ 347,520,380	\$ 46,907

City of Novi, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,822,056	\$ 3,066,437	\$ 18,520	\$ -
Public safety	21,046,372	438,432	403,476	-
Public services	18,638,195	2,178,103	5,998,151	1,817,746
Community and economic development	4,060,811	-	99,885	-
Recreation and culture	6,236,403	1,644,806	142,938	28,446
Interest on long-term debt	367,467	-	-	-
Total governmental activities	58,171,304	7,327,778	6,662,970	1,846,192
Business-type activities:				
Water and Sewer	26,211,694	23,997,466	-	5,747,324
Ice Arena	1,597,966	1,957,549	-	-
Senior Housing	1,358,521	2,050,896	-	-
Total business-type activities	29,168,181	28,005,911	-	5,747,324
Total primary government	\$ 87,339,485	\$ 35,333,689	\$ 6,662,970	\$ 7,593,516
Component units	\$ -	\$ -	\$ -	\$ -

General revenue:
 Property taxes
 State-shared revenue
 Investment income
 Cable franchise fees
 Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year, as restated (Note 1)

Net Position - End of year

Statement of Activities

Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit	
\$ (4,737,099)	\$ -	\$ (4,737,099)	\$ -	-
(20,204,464)	-	(20,204,464)	-	-
(8,644,195)	-	(8,644,195)	-	-
(3,960,926)	-	(3,960,926)	-	-
(4,420,213)	-	(4,420,213)	-	-
(367,467)	-	(367,467)	-	-
(42,334,364)	-	(42,334,364)	-	-
-	3,533,096	3,533,096	-	-
-	359,583	359,583	-	-
-	692,375	692,375	-	-
-	4,585,054	4,585,054	-	-
(42,334,364)	4,585,054	(37,749,310)	-	-
-	-	-	-	-
36,658,748	-	36,658,748	-	-
5,173,080	-	5,173,080	-	-
733,912	828,498	1,562,410	-	6
1,288,833	-	1,288,833	-	-
1,195,623	-	1,195,623	-	-
45,050,196	828,498	45,878,694	-	6
2,715,832	5,413,552	8,129,384	-	6
147,637,033	191,753,963	339,390,996	-	46,901
\$ 150,352,865	\$ 197,167,515	\$ 347,520,380	\$ 46,907	

Governmental Funds
Balance Sheet

June 30, 2018

	General Fund	Major Street Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 3)	\$ 421,239	\$ 243,638	\$ 2,061,954	\$ 2,726,831
Investments (Note 3)	12,189,935	2,208,182	32,118,646	46,516,763
Accounts receivable:				
Special assessments	-	-	12,294	12,294
Accrued interest	561,719	-	-	561,719
Other	354,970	246,927	128,416	730,313
Due from other governments	839,102	675,999	312,093	1,827,194
Due from other funds (Note 5)	10,761	-	-	10,761
Prepaid expenses and other assets	229,382	-	740	230,122
Total assets	\$ 14,607,108	\$ 3,374,746	\$ 34,634,143	\$ 52,615,997
Liabilities				
Accounts payable	\$ 1,091,791	\$ 1,329,240	\$ 2,605,242	\$ 5,026,273
Due to other funds (Note 5)	-	-	10,761	10,761
Refundable deposits	88,531	-	2,281	90,812
Accrued liabilities and other:				
Accrued salaries and wages	951,955	-	193,723	1,145,678
Payroll taxes and withholdings	249,906	-	30,871	280,777
Accrued other	376,407	-	550,130	926,537
Unearned revenue	7,655	244,897	-	252,552
Total liabilities	2,766,245	1,574,137	3,393,008	7,733,390
Deferred Inflows of Resources - Unavailable revenue				
Other	21,797	-	11,227	33,024
Special assessments	-	-	12,294	12,294
Grants	-	-	29,591	29,591
Total deferred inflows of resources	21,797	-	53,112	74,909
Total liabilities and deferred inflows of resources	2,788,042	1,574,137	3,446,120	7,808,299
Fund Balances				
Nonspendable - Prepaids	229,382	-	740	230,122
Restricted:				
Roads	-	1,800,609	7,908,780	9,709,389
Public safety	20,418	-	499,295	519,713
Community	2,282	-	-	2,282
Debt service	-	-	252,483	252,483
Infrastructure improvements	-	-	6,095,082	6,095,082
Parks, recreation, and cultural services	-	-	1,056,365	1,056,365
Library	-	-	3,611,238	3,611,238
Storm water systems	-	-	6,959,355	6,959,355
Tree replacement and maintenance	-	-	3,688,820	3,688,820
Street lighting improvements	-	-	51,960	51,960
PEG access support fees	-	-	788,168	788,168
Assigned - Subsequent year's budget	1,033,033	-	-	1,033,033
Unassigned	10,533,951	-	275,737	10,809,688
Total fund balances	11,819,066	1,800,609	31,188,023	44,807,698
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,607,108	\$ 3,374,746	\$ 34,634,143	\$ 52,615,997

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2018

Fund Balances Reported in Governmental Funds	\$ 44,807,698
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 are not reported in the funds	154,310,663
Special assessment and other receivables are expected to be collected over several years and are not available to pay for current period expenditures (including \$738 of accrued interest on special assessments)	75,647
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds	1,280,389
Certain deferred inflows related to pension cost reductions are not reported in the governmental funds	(1,407,719)
Deferred charges on bond refundings are amortized over the related bond terms are not reported in the funds	706,469
Estimated general liability claims are not due and payable in the current period and are not reported in the funds	(285,238)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(11,669,241)
Accrued interest is not due and payable in the current period and is not reported in the funds	(101,851)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,973,686)
Net pension liability is not due and payable in the current period and is not reported in the funds	(32,808,780)
Net OPEB asset is not a current financial resource and is not reported in the funds	1,346,951
Certain deferred inflows related to OPEB cost reductions are not reported in the governmental funds	(3,928,437)
Net Position of Governmental Activities	<u><u>\$ 150,352,865</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2018

	General Fund	Major Street Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 22,055,962	\$ -	\$ 14,602,786	\$ 36,658,748
Special assessments	-	-	49,598	49,598
Intergovernmental:				
Federal grants	68,120	-	313,329	381,449
State-shared revenue and grants	4,786,431	4,217,839	2,194,800	11,199,070
Other governments - Operating grants	-	-	112,763	112,763
Charges for services	449,647	-	2,183,018	2,632,665
Fines and forfeitures	510,091	-	167,590	677,681
Licenses and permits	3,466,502	-	-	3,466,502
Interest and rentals:				
Investment earnings	364,555	26,065	344,030	734,650
Rental income	-	-	71,800	71,800
Other revenue:				
Local donations	130	-	82,989	83,119
Miscellaneous	736,801	-	760,231	1,497,032
Cable franchise fees	-	-	373,692	373,692
Recreational programs	-	-	1,536,716	1,536,716
Total revenue	32,438,239	4,243,904	22,793,342	59,475,485
Expenditures				
Current services:				
General government	7,495,943	-	329,949	7,825,892
Public safety	19,053,700	-	424,540	19,478,240
Public services	3,450,110	1,170,052	15,421,334	20,041,496
Community and economic development	3,556,434	-	361,545	3,917,979
Recreation and culture	52,327	-	6,628,580	6,680,907
Debt service:				
Principal	-	-	920,000	920,000
Interest on long-term debt	-	-	425,350	425,350
Total expenditures	33,608,514	1,170,052	24,511,298	59,289,864
Excess of Revenue (Under) Over Expenditures	(1,170,275)	3,073,852	(1,717,956)	185,621
Other Financing Sources (Uses)				
Transfers in (Note 5)	102,500	-	5,449,000	5,551,500
Transfers out (Note 5)	(19,000)	(1,900,000)	(3,632,500)	(5,551,500)
Total other financing sources (uses)	83,500	(1,900,000)	1,816,500	-
Net Change in Fund Balances	(1,086,775)	1,173,852	98,544	185,621
Fund Balances - Beginning of year	12,905,841	626,757	31,089,479	44,622,077
Fund Balances - End of year	<u>\$ 11,819,066</u>	<u>\$ 1,800,609</u>	<u>\$ 31,188,023</u>	<u>\$ 44,807,698</u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2018

Net Change in Fund Balance Reported in Governmental Funds	\$	185,621
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, these costs are allocated over their estimated useful lives as depreciation:		
Capital outlay		12,035,212
Depreciation expense		(9,649,810)
Net book value of assets disposed of		(67,779)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of the year end		33,709
Capital contributions are recorded in the statement of activities when received; they are not recorded in the governmental funds		1,377,942
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		920,000
Change in accrued interest payable and other		57,884
Decreases in accumulated employee sick and vacation pay reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment		21,690
Changes in liabilities for general claims are recorded when incurred in the statement of activities		(24,274)
Change in net OPEB asset and pension liability reported in the statement of activities does not require the use of current resources and, therefore, is not reported in the fund statements until it comes due for payment		(2,174,363)
Change in Net Position of Governmental Activities	\$	<u>2,715,832</u>

Proprietary Funds
Statement of Net Position

June 30, 2018

	Water and Sewer Fund	Ice Arena Fund	Senior Housing Fund	Total
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 3,720,189	\$ 352,555	\$ 130,859	\$ 4,203,603
Investments (Note 3)	62,845,221	2,002,807	1,224,728	66,072,756
Accounts receivable:				
Taxes	353,265	-	-	353,265
Special assessments	1,024,106	-	-	1,024,106
Water and sewer billing	5,834,691	-	-	5,834,691
Other	-	64,067	-	64,067
Inventory	70,168	2,127	-	72,295
Prepaid expenses and other assets	83	2,078	-	2,161
Total current assets	73,847,723	2,423,634	1,355,587	77,626,944
Noncurrent assets:				
Net OPEB asset (Note 10)	31,308	-	-	31,308
Capital assets - Net (Note 4)	121,032,027	5,514,490	10,718,034	137,264,551
Total noncurrent assets	121,063,335	5,514,490	10,718,034	137,295,859
Total assets	194,911,058	7,938,124	12,073,621	214,922,803
Deferred Outflows of Resources - Deferred outflows related to pensions (Note 8)				
	54,228	-	-	54,228
Liabilities				
Current liabilities:				
Accounts payable	3,958,808	29,084	10,153	3,998,045
Refundable deposits	9,000	58,231	163,025	230,256
Accrued liabilities and other	1,477,779	9,351	146,618	1,633,748
Unearned revenue	-	-	4,018	4,018
Compensated absences (Note 6)	72,876	-	-	72,876
Current portion of long-term debt (Note 6)	-	490,000	890,000	1,380,000
Total current liabilities	5,518,463	586,666	1,213,814	7,318,943
Noncurrent liabilities:				
Net pension liability (Note 8)	1,389,637	-	-	1,389,637
Long-term debt (Note 6)	-	2,495,000	6,455,000	8,950,000
Total noncurrent liabilities	1,389,637	2,495,000	6,455,000	10,339,637
Total liabilities	6,908,100	3,081,666	7,668,814	17,658,580
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 8)	59,625	-	-	59,625
Deferred OPEB cost reductions (Note 10)	91,311	-	-	91,311
Total deferred inflows of resources	150,936	-	-	150,936
Net Position				
Net investment in capital assets	121,032,027	2,529,490	3,373,034	126,934,551
Unrestricted	66,874,223	2,326,968	1,031,773	70,232,964
Total net position	<u>\$ 187,906,250</u>	<u>\$ 4,856,458</u>	<u>\$ 4,404,807</u>	<u>\$ 197,167,515</u>

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2018

	Water and Sewer Fund	Ice Arena Fund	Senior Housing Fund	Total
Operating Revenue				
Sale of water	\$ 11,903,090	\$ -	\$ -	\$ 11,903,090
Sewage disposal charges	11,577,189	-	-	11,577,189
Concession sales	-	97,169	-	97,169
Interest and penalty charges	201,343	-	-	201,343
Installation fees	294,737	-	-	294,737
Rentals and charges for services	-	1,752,562	2,049,819	3,802,381
Miscellaneous revenue	21,107	107,818	1,077	130,002
Total operating revenue	23,997,466	1,957,549	2,050,896	28,005,911
Operating Expenses				
Cost of water	9,328,172	-	-	9,328,172
Cost of sewage treatment	8,988,857	-	-	8,988,857
Other operating and maintenance	1,599,556	598,235	316,266	2,514,057
Salaries and fringe benefits	1,528,687	-	-	1,528,687
Contractual services	-	612,455	411,403	1,023,858
Miscellaneous expenses	646,384	-	-	646,384
Depreciation	4,117,788	304,536	457,643	4,879,967
Total operating expenses	26,209,444	1,515,226	1,185,312	28,909,982
Operating (Loss) Income	(2,211,978)	442,323	865,584	(904,071)
Nonoperating Revenue (Expense)				
Investment income	788,466	24,183	15,849	828,498
Interest expense	(2,250)	(82,740)	(173,209)	(258,199)
Total nonoperating revenue (expense)	786,216	(58,557)	(157,360)	570,299
(Loss) Income - Before capital contributions	(1,425,762)	383,766	708,224	(333,772)
Capital Contributions				
Capital grants	543,438	-	-	543,438
Lines donated by developers and others	3,032,458	-	-	3,032,458
Customer assessments - Tap fees	2,171,428	-	-	2,171,428
Total capital contributions	5,747,324	-	-	5,747,324
Change in Net Position	4,321,562	383,766	708,224	5,413,552
Net Position - Beginning of year, as restated (Note 1)	183,584,688	4,472,692	3,696,583	191,753,963
Net Position - End of year	<u>\$ 187,906,250</u>	<u>\$ 4,856,458</u>	<u>\$ 4,404,807</u>	<u>\$ 197,167,515</u>

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2018

	Water and Sewer Fund	Ice Arena Fund	Senior Housing Fund	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 23,423,773	\$ 1,971,287	\$ 2,054,539	\$ 27,449,599
Payments to suppliers	(21,428,112)	(1,207,455)	(1,078,563)	(23,714,130)
Payments to employees and fringes	(1,372,082)	(30)	-	(1,372,112)
Other payments	1,120	-	-	1,120
Net cash and cash equivalents provided by operating activities	624,699	763,802	975,976	2,364,477
Cash Flows from Capital and Related Financing Activities				
Receipt of capital grants	543,438	-	-	543,438
Special assessment collections	218,916	-	-	218,916
Customer assessments - Tap fees	2,171,428	-	-	2,171,428
Purchase of capital assets	(1,471,845)	(8,413)	(814,693)	(2,294,951)
Principal and interest paid on capital debt	(153,750)	(563,160)	(969,119)	(1,686,029)
Net cash and cash equivalents provided by (used in) capital and related financing activities	1,308,187	(571,573)	(1,783,812)	(1,047,198)
Cash Flows from Investing Activities				
Interest received on investments	704,103	24,183	15,849	744,135
Net purchases from sale and maturities of investment securities	(561,443)	(182,038)	805,504	62,023
Net cash and cash equivalents provided by (used in) investing activities	142,660	(157,855)	821,353	806,158
Net Increase in Cash and Cash Equivalents	2,075,546	34,374	13,517	2,123,437
Cash and Cash Equivalents - Beginning of year	1,644,643	318,181	117,342	2,080,166
Cash and Cash Equivalents - End of year	\$ 3,720,189	\$ 352,555	\$ 130,859	\$ 4,203,603
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 66,565,410	\$ 2,355,362	\$ 1,355,587	\$ 70,276,359
Less amounts classified as investments	(62,845,221)	(2,002,807)	(1,224,728)	(66,072,756)
Total cash and cash equivalents	\$ 3,720,189	\$ 352,555	\$ 130,859	\$ 4,203,603
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (2,211,978)	\$ 442,323	\$ 865,584	\$ (904,071)
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation	4,117,788	304,536	457,643	4,879,967
Changes in assets and liabilities:				
Receivables	(572,573)	13,738	3,643	(555,192)
Inventories	(7,646)	(66)	-	(7,712)
Prepaid and other assets	14,417	5,128	21,899	41,444
Accrued and other liabilities	156,605	(30)	-	156,575
Accounts payable	(871,914)	(1,827)	(372,793)	(1,246,534)
Net cash provided by operating activities	\$ 624,699	\$ 763,802	\$ 975,976	\$ 2,364,477

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2018, developers and others constructed water and sewer lines with an estimated value of \$3,032,458 and donated them to the City's Water and Sewer Fund.

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2018

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 491,898	\$ 122
Investments: (Note 3)		
Investments, uncategorized	-	6,770,991
U.S. government bonds	4,137,017	-
Asset-backed securities	624,649	-
Equities	19,685,884	-
Corporate bonds	1,770,615	-
Money market funds	1,212,147	-
Other	1,610,342	-
Total assets	29,532,552	\$ 6,771,113
Liabilities		
Accounts payable	-	\$ 346,727
Due to other governmental units	-	201,158
Refundable deposits	-	6,223,228
Total liabilities	-	\$ 6,771,113
Net Position Restricted for OPEB	\$ 29,532,552	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund
Additions	
Investment income	\$ 2,845,010
Contributions - Employer	613,678
Miscellaneous income	244
Total additions	3,458,932
Deductions	
Healthcare insurance premiums	948,145
Administrative expenses	293,400
Total deductions	1,241,545
Net Increase in Net Position Restricted for OPEB	2,217,387
Net Position Restricted for OPEB - Beginning of year	27,315,165
Net Position Restricted for OPEB - End of year	\$ 29,532,552

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Novi, Michigan (the "City"):

Reporting Entity

The City is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the City operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Blended Component Units

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

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.

Jointly Governed Organization

The jointly governed organization is discussed in Note 12.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

Note 1 - Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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, if any, are reported as separate columns in the fund financial statements.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Major Street Fund's purpose is 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 187.47 total centerline miles that make up the City of Novi road network, the City has 43.5 centerline miles of major streets. Financing is primarily provided by the City's share of state gas and weight taxes.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as "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.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

- The Retiree Health Care Plan accumulates resources for future retiree healthcare payments to retirees.
- The Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or funds. They primarily hold deposits from builders and developers and tax remittances due to schools and other governmental units.

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column. Interfund services provided and used are not eliminated in the process of consolidation.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, 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.”

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Note 1 - Significant Accounting Policies (Continued)

Investments

Investments are reported 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. Investments that do not have an established market value are reported at estimated fair value, as determined by management.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City 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 value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

	Depreciable Life - Years
Roads, bridges, and sidewalks	25-30
Water and sewer distribution systems	50
Drains	25
Buildings and improvements	35-40
Machinery and equipment	4-10
Library books	10

Long-term Obligations

In the government-wide financial statements and the 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as an "other financing source" and bond discounts as "other financing uses." The General Fund and debt service funds are generally used to liquidate governmental long-term debt and the proprietary fund (Water and Sewer, Ice Arena, and Senior Housing) are used to liquidate proprietary fund long-term debt.

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are the deferred charges on refunding and the deferred outflows of resources related to the defined benefit pension plan. A deferred charge on refunding is reported in the government-wide statement of net position and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements and the Water and Sewer Fund. The deferred outflows of resources result from various transactions related to pension: employer contributions to the defined benefit pension plan subsequent to the measurement date, difference between expected and actual experience, and changes in assumptions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. They are deferred inflows related to unavailable revenue, the defined benefit pension plan, and the other postemployment benefit plan. The deferred inflows of resources related to unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: special assessments, grants, and certain accounts receivable. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The deferred inflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements and the Water and Sewer Fund and are related to the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings. The deferred inflows of resources related to the other postemployment benefit plan are reported in the government-wide financial statements and the Water and Sewer Fund and are related to the difference between expected and actual experience and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City has not adopted a policy transferring the authority to assign fund balance and, therefore, that responsibility remains with the City Council. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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 18-22 percent of the proposed budgeted expenditures for the following year. The City's minimum reserve as a percentage of budgeted expenditures is 10-20 percent individually and collectively amongst the three road funds, 12-22 percent for parks and recreational services, and varying reserves for the remaining special revenue funds dependent on the funds' yearly activity and capital needs. The City of Novi, Michigan's reserve policies are based on sound fiscal principles designed to maintain adequate fund balance levels, which are an important component of the City's financial strength. The City will seek to maintain a diversified and stable revenue system to shelter itself from short-run fluctuations in any one revenue source and will establish all user charges and fees at a level consistent with the cost of providing such services.

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 2017 property tax revenue was levied and collectible on July 1, 2017 and is recognized as revenue in the year ended June 30, 2018 when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Significant Accounting Policies (Continued)

The 2017 taxable valuation of the City totaled \$3.45 billion. Note that the financial statement reported amounts are inclusive of "property tax revenue" related to interest, penalties, and administrative fees not reflected in the figures below. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	4.9206	\$ 17,110,000
Police and fire supplemental millage	1.4003	4,858,000
Parks and recreation operations	0.3780	1,314,000
Library operations	0.7567	2,630,000
Street maintenance operations	1.4708	5,113,000
Drains maintenance operations	0.2648	918,000
Debt levies for library	0.3608	1,261,000
Capital improvements	0.9856	3,411,000
Total		<u>\$ 36,615,000</u>

Defined Benefit Pension

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

Other Postemployment Benefit Costs

The City offers retiree healthcare benefits to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Novi Retiree Health Care Plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. As of June 30, 2018, the City has recorded a net OPEB asset (see Note 10). Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

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).

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Water and Sewer Fund, Ice Arena Fund, and Senior Housing Fund is charges to customers for sales or services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which replaces GASB Statement No. 45. As a result, the government-wide statements and proprietary funds now include a liability for the City's estimated unfunded other postemployment benefit (OPEB) costs. Some of the changes in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan disclosure (see Note 10) for further details. This change does not impact the modified accrual funds.

The financial statements for the year ended June 30, 2017 have been restated in order to adopt GASB Statement No. 75. The effect of this new standard was a decrease in net position to record the net OPEB liability at June 30, 2017. Additionally, the net OPEB asset previously recorded in the government-wide statements and proprietary funds in accordance with GASB Statement No. 45 has been eliminated and the overall result was a total decrease in net position as of the beginning of the current fiscal year of \$2,481,563. The beginning net position of the governmental activities decreased by \$2,410,843 and beginning net position of the Water and Sewer Fund and business-type activities decreased by \$70,720.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

Note 1 - Significant Accounting Policies (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2021.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the City's financial statements for the June 30, 2021 fiscal year.

Note 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations in Budgeted Funds

The City did not have significant expenditure budget variances.

Construction Code Fees

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 generated since January 1, 2000 is as follows:

Shortfall at July 1, 2017		\$ (1,818,084)
Current year permit revenue		1,829,343
Related expenses:		
Direct costs	\$ 2,011,402	
Estimated indirect costs	244,972	2,256,374
Current year shortfall		(427,031)
Cumulative shortfall at June 30, 2018		\$ (2,245,115)

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The Community Development Block Grant Fund has an unassigned deficit of \$29,591. This is not a true deficit according to Numbered Letter 2016-1 from the State of Michigan because the deferred inflows of resources balance is greater than or equal to the unrestricted fund balance. Unrestricted fund balance is the sum of the committed, assigned, and unassigned fund balances.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Retiree Health Care Benefits Trust Fund is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated 30 banks/advisors for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, and all other instruments allowed by the state statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$5,950,407 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

At year end, the City had the following investments. The Retiree Health Care Benefits Trust Fund also holds investments in a MERS retiree health funding vehicle of \$5,690,829 that are excluded from the table below.

Investment	Carrying Value	Weighted- average Maturity (Years)
Primary Government		
U.S. government agency securities	\$ 12,566,390	4.57
Commercial paper	15,329,158	0.18
Municipal bonds	58,557,322	2.98
Bank investment pool - Oakland County	<u>15,960,659</u>	1.03
Total	<u>\$ 102,413,529</u>	
Investment	Carrying Value	Weighted- average Maturity (Years)
Fiduciary Funds		
U.S. Treasury securities	\$ 3,117,301	5.62
U.S. government agency securities	1,621,005	12.40
Corporate bonds	<u>567,483</u>	11.17
Total	<u>\$ 5,305,789</u>	

June 30, 2018

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows. The Retiree Health Care Benefits Trust Fund also holds investments in a MERS retiree health funding vehicle of \$5,690,829 that are excluded from the table below.

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Commercial paper	\$ 15,329,158	A2	S&P
U.S. government agency securities	12,566,390	AA+	S&P
Municipal bonds	2,623,700	AAA	S&P
Municipal bonds	384,283	Aaa	Moody's
Municipal bonds	1,134,162	Aa	Moody's
Municipal bonds	3,079,009	AA+	S&P
Municipal bonds	10,094,390	Aa1	Moody's
Municipal bonds	11,853,395	AA	S&P
Municipal bonds	1,973,630	Aa2	Moody's
Municipal bonds	15,902,042	AA-	S&P
Municipal bonds	1,051,680	A1+	S&P
Municipal bonds	667,549	A-	S&P
Municipal bonds	709,389	BBB+	S&P
Municipal bonds	5,490,548	BBB	S&P
Municipal bonds	2,009,980	SP-1	S&P
Municipal bonds	1,583,565	Not Rated	Not Rated
Bank investment pool - Oakland County	15,960,659	N/A	Not Rated
Total	<u>\$ 102,413,529</u>		

Investment	Carrying Value	Rating	Rating Organization
Retiree Health Care Benefits Trust Fund			
U.S. government agency securities	\$ 1,621,005	AA+	S&P
Corporate bonds	65,767	AAA	S&P
Corporate bonds	48,464	A+	S&P
Corporate bonds	47,658	A	S&P
Corporate bonds	209,916	A-	S&P
Corporate bonds	195,678	BBB+	S&P
Total	<u>\$ 2,188,488</u>		

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer. As of year end, the City had multiple investments, which consisted mostly of U.S. government agency securities, that exceeded 5 percent of the total portfolio. The City had 5.05 percent invested in Federal National Mortgage Association, 6.68 percent invested in State of Michigan bonds, and 10.29 percent invested in the Oakland County investment pool.

Note 3 - Deposits and Investments (Continued)

Fair Value Measurements

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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The City has the following recurring fair value measurements as of June 30, 2018:

	Assets Measured at Carrying Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Investments by Fair Value Level				
Debt securities:				
U.S. government bonds	\$ 16,681,820	\$ -	\$ -	\$ 16,681,820
Corporate bonds	-	15,896,641	-	15,896,641
Municipal bonds	-	58,557,322	-	58,557,322
Asset-backed securities	-	622,876	-	622,876
Total debt securities	16,681,820	75,076,839	-	91,758,659
Equity securities	16,180,642	289,922	-	16,470,564
Mutual funds	-	1,610,342	-	1,610,342
Total investments by fair value level	\$ 32,862,462	\$ 76,977,103	\$ -	\$ 109,839,565

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities, equity securities, and mutual funds classified in Level 2 are valued using other inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

There were no investments at June 30, 2018 valued based on Level 3 inputs.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

Note 3 - Deposits and Investments (Continued)

At the year ended June 30, 2018, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MERS RHFV Total Market Portfolio	\$ 5,690,829	\$ -	N/A	N/A
Oakland County Investment Pool	15,960,659	-	N/A	N/A
Total	<u>\$ 21,651,488</u>	<u>\$ -</u>		

The MERS RHFV Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS RHFV Total Market Portfolio.

The Oakland County Investment Pool is a portfolio combining investments in U.S. government securities, certificates of deposit, and cash equivalents. These investments are made in conformance with PA 20 of 1943 and the Oakland County Investment Policy. This investment policy demands three standards for investing: safety of principal, liquidity of investment, and return on investment.

June 30, 2018

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 30,748,798	\$ -	\$ 869,263	\$ -	\$ 31,618,061
Construction in progress	8,554,442	(7,371,513)	2,766,157	(43,185)	3,905,901
Subtotal	39,303,240	(7,371,513)	3,635,420	(43,185)	35,523,962
Capital assets being depreciated:					
Roads	137,107,324	5,834,390	5,934,527	(5,641,937)	143,234,304
Nonmotorized pathway improvements	11,057,755	534,508	560,208	(72,559)	12,079,912
Bridges	2,256,131	132,757	-	-	2,388,888
Drains	17,703,812	-	811,109	(1,030,624)	17,484,297
Buildings and improvements	47,690,426	78,686	126,955	-	47,896,067
Machinery and equipment	16,505,558	79,978	1,739,911	(473,543)	17,851,904
Land improvements	1,022,003	711,194	239,648	-	1,972,845
Library books	3,814,007	-	365,376	(327,139)	3,852,244
Subtotal	237,157,016	7,371,513	9,777,734	(7,545,802)	246,760,461
Accumulated depreciation:					
Roads	77,553,419	-	5,671,276	(5,641,937)	77,582,758
Nonmotorized pathway improvements	3,764,491	-	530,279	(72,559)	4,222,211
Bridges	1,237,094	-	88,275	-	1,325,369
Drains	10,746,864	-	709,513	(1,030,624)	10,425,753
Buildings and improvements	19,119,851	-	1,210,786	-	20,330,637
Machinery and equipment	11,918,575	-	1,125,241	(448,949)	12,594,867
Land improvements	46,112	-	78,914	-	125,026
Library books	1,458,752	-	235,526	(327,139)	1,367,139
Subtotal	125,845,158	-	9,649,810	(7,521,208)	127,973,760
Net capital assets being depreciated	111,311,858	7,371,513	127,924	(24,594)	118,786,701
Net governmental activities capital assets	<u>\$ 150,615,098</u>	<u>\$ -</u>	<u>\$ 3,763,344</u>	<u>\$ (67,779)</u>	<u>\$ 154,310,663</u>

June 30, 2018

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 2,272,256	\$ -	\$ -	\$ -	\$ 2,272,256
Construction in progress	1,316,823	(1,106,874)	495,916	(7,600)	698,265
Subtotal	3,589,079	(1,106,874)	495,916	(7,600)	2,970,521
Capital assets being depreciated:					
Water and sewer distribution systems	190,678,984	272,480	3,042,294	-	193,993,758
Buildings and improvements	28,927,696	242,107	547,534	-	29,717,337
Machinery and equipment	2,596,474	-	113,833	(10,200)	2,700,107
Land improvements	236,599	592,287	451,579	-	1,280,465
Subtotal	222,439,753	1,106,874	4,155,240	(10,200)	227,691,667
Accumulated depreciation:					
Water and sewer lines	75,648,493	-	3,858,475	-	79,506,968
Buildings and improvements	11,114,087	-	806,232	-	11,920,319
Machinery and equipment	1,727,434	-	153,604	(10,200)	1,870,838
Land improvements	37,856	-	61,656	-	99,512
Subtotal	88,527,870	-	4,879,967	(10,200)	93,397,637
Net capital assets being depreciated	133,911,883	1,106,874	(724,727)	-	134,294,030
Net capital assets	\$ 137,500,962	\$ -	\$ (228,811)	\$ (7,600)	\$ 137,264,551

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 498,019
Public safety	863,251
Public works	7,460,560
Economic development	38,515
Recreation and culture	789,465
Total governmental activities	<u>\$ 9,649,810</u>
Business-type activities:	
Water and sewer	\$ 4,117,788
Ice Arena	304,536
Senior Housing	457,643
Total business-type activities	<u>\$ 4,879,967</u>

Note 4 - Capital Assets (Continued)

Construction Commitments

The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Street construction	\$ 2,340,571	\$ 2,847,702
Sidewalks and pathways	1,086,966	440,916
Parking lots	22,500	222,037
Building improvements	1,819	467,841
Drains	1,021,119	171,390
Water and sewer	447,226	381,502
Traffic signal	18,888	23,550
Land improvements	24,943	60,282
Total	<u>\$ 4,964,032</u>	<u>\$ 4,615,220</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 10,761

Interfund transfers reported in the fund financial statements are composed of the following:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	\$ 19,000
	Nonmajor governmental funds	<u>3,530,000</u>
	Total nonmajor governmental funds	3,549,000
Nonmajor governmental funds	Major Street Fund	1,900,000
General Fund	Nonmajor governmental funds	<u>102,500</u>
	Total	<u>\$ 5,551,500</u>

Transfers between funds were primarily for operating purposes. The transfer between the Major Street Fund and the Local Street Fund (a nonmajor governmental fund) was allowable per Act 51. The transfer between the Municipal Streets Fund (a nonmajor governmental fund) and the Street Improvement Fund (a nonmajor governmental fund) was to fund current and future street improvement projects. The transfer between the Rubbish Collection Fund (a nonmajor governmental fund) and the General Fund was to subsidize unexpected expenditures paid from the Rubbish Collection Fund. The transfer between the Parks, Recreation, and Cultural Services Fund (a nonmajor governmental fund) and the General Fund was a return of excess funds previously transferred from the General Fund.

June 30, 2018

Note 6 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds:							
2008 Unlimited Tax Library Bonds:							
Amount of issue: \$16,000,000		\$750,000 -					
Maturing through 2027	3.75% - 5.00%	\$765,000	\$ 3,015,000	\$ -	\$ (750,000)	\$ 2,265,000	\$ 750,000
2016 Unlimited Tax Library Refunding Bonds: Amount of issue: \$8,715,000 Maturing through 2027							
	2.00% - 4.00%	\$170,000 - \$1,390,000	8,550,000	-	(170,000)	8,380,000	215,000
Total principal outstanding			11,565,000	-	(920,000)	10,645,000	965,000
Unamortized bond premiums			1,152,271	-	(128,030)	1,024,241	-
Accumulated compensated absences			1,995,376	1,388,528	(1,410,218)	1,973,686	1,381,580
Total governmental activities long-term debt			<u>\$ 14,712,647</u>	<u>\$ 1,388,528</u>	<u>\$ (2,458,248)</u>	<u>\$ 13,642,927</u>	<u>\$ 2,346,580</u>

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Special Assessment Bonds -							
2003 Special Assessment Limited Tax Bonds:							
Amount of issue: \$2,330,000		\$150,000	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ -
Maturing through 2017	4.00%						
2015 Senior Complex Recreation Facility Refunding Bonds:							
Amount of issue: \$9,075,000		\$850,000 -					
Maturing through 2026	2.29%	\$1,020,000	8,220,000	-	(875,000)	7,345,000	890,000
2014 Ice Arena Refunding Bonds:							
Amount of issue: \$4,905,000		\$485,000 -					
Maturing through 2024	2.40%	\$520,000	3,465,000	-	(480,000)	2,985,000	490,000
Total principal outstanding			11,835,000	-	(1,505,000)	10,330,000	1,380,000
Accumulated compensated absences			72,879	72,876	(72,879)	72,876	72,876
Total business-type activities long-term debt			<u>\$ 11,907,879</u>	<u>\$ 72,876</u>	<u>\$ (1,577,879)</u>	<u>\$ 10,402,876</u>	<u>\$ 1,452,876</u>

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Total interest expense for the year was \$625,666. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 965,000	\$ 390,250	\$ 1,355,250	\$ 1,380,000	\$ 229,650	\$ 1,609,650
2020	1,015,000	355,450	1,370,450	1,380,000	197,624	1,577,624
2021	1,070,000	314,100	1,384,100	1,345,000	165,758	1,510,758
2022	1,135,000	267,700	1,402,700	1,350,000	134,476	1,484,476
2023	1,195,000	221,100	1,416,100	1,355,000	102,782	1,457,782
2024-2028	5,265,000	397,600	5,662,600	3,520,000	116,446	3,636,446
Total	<u>\$10,645,000</u>	<u>\$ 1,946,200</u>	<u>\$12,591,200</u>	<u>\$10,330,000</u>	<u>\$ 946,736</u>	<u>\$11,276,736</u>

Deceased Debt

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the City's schedule of debt obligations. At June 30, 2018, \$9,485,000 of bonds is considered defeased.

Note 7 - 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 four 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. Changes in the estimated deductible payments related to the Michigan Insurance Alliance for claims subsequent to July 1, 2003.

	General Liability	
	2018	2017
Estimated liability - Beginning of year	\$ 260,964	\$ 162,490
Estimated claims incurred, including changes in estimates	325,201	179,605
Claim payments	(300,927)	(81,131)
Estimated liability - End of year	<u>\$ 285,238</u>	<u>\$ 260,964</u>

Note 8 - Agent Defined Benefit Pension Plan Description

Plan Description

The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS or MERS of Michigan), that covers all eligible full-time employees of the City. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report that includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided

Defined benefit plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers all eligible full-time employees of the City.

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.

June 30, 2018

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

Fire Local 3232

Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 6.33 percent of their salary to fund benefits.

The defined benefit plan was closed to new hired members of this group effective June 1, 2009.

General Union (Police Clerks)

Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 50 with 25 years of service (reduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 3.89 percent of their salary to fund benefits.

The defined benefit plan was closed to new hired members of this group effective October 1, 2011.

MAPE

Retirement benefits for employees are calculated as 2.25 percent of the employee's final five-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 50 with 25 years of service (reduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 2.45 percent of their salary to fund benefits.

The defined benefit plan was closed to new hired members of this group effective December 1, 2006.

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

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.

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

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.

Benefit terms are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2017
Inactive plan members or beneficiaries currently receiving benefits	189
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	143
	<hr/>
Total employees covered by MERS	<u>383</u>

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. 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 costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2018, the active employee contribution rate ranged from 2.43 percent to 9.24 percent of annual pay, and the City’s annual contribution was \$3,769,303.

Net Pension Liability

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2018 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2017 measurement date. The December 31, 2017 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 97,108,697	\$ 59,427,850	\$ 37,680,847
Changes for the year:			
Service cost	1,255,498	-	1,255,498
Interest	7,586,392	-	7,586,392
Differences between expected and actual experience	(366,993)	-	(366,993)
Contributions - Employer	-	3,725,305	(3,725,305)
Contributions - Employee	-	558,097	(558,097)
Net investment income	-	7,797,188	(7,797,188)
Benefit payments, including refunds	(5,813,104)	(5,813,104)	-
Administrative expenses	-	(123,263)	123,263
Net changes	2,661,793	6,144,223	(3,482,430)
Balance at December 31, 2017	<u>\$ 99,770,490</u>	<u>\$ 65,572,073</u>	<u>\$ 34,198,417</u>

Included in the net pension liability is \$32,808,780 related to governmental activities and \$1,389,637 related to business-type activities. Typically, the General Fund or the Water and Sewer Fund, based on whichever fund to which an employee is assigned and to which the employee's pension costs are charged, will be the fund to liquidate the net pension liability.

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

For the year ended June 30, 2018, the City recognized pension expense of \$4,891,570.

June 30, 2018

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 199,646	\$ (275,244)
Changes in assumptions	826,405	-
Net difference between projected and actual earnings on pension plan investments	-	(1,192,100)
Employer contributions to the plan subsequent to the measurement date	308,566	-
Total	<u>\$ 1,334,617</u>	<u>\$ (1,467,344)</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$308,566), which will impact the net pension liability in fiscal year 2018 rather than pension expense.

Years Ending June 30	Amount
2019	\$ 1,172,621
2020	90,789
2021	(1,082,886)
2022	(621,817)

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.75 percent, an investment rate of return (net of investment expenses and including inflation) of 8.00 percent, and the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period January 1, 2009 through December 31, 2013.

Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

For disabled retirees, the mortality rates were based on the 50 percent male - 50 percent female blend of the RP-2014 Disabled Retiree Mortality Tables.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2017, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	8.65 %
Global fixed income	18.50	3.76
Real assets	13.50	9.72
Diversifying strategies	12.50	7.50

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City calculated using the discount rate of 8.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the City	\$ 45,490,664	\$ 34,198,417	\$ 24,649,937

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 9 - Defined Contribution Pension Plan

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

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

Note 9 - Defined Contribution Pension Plan (Continued)

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 125 members participating in the DC plan as of June 30, 2018. During the year ended June 30, 2018, the City contributed \$494,631 to the plan.

Note 10 - Other Postemployment Benefit Plan

Plan Description

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

The financial statements of the OPEB plan are included in these financial statements as the Postemployment Benefits - Retiree Health Care Benefits Trust Fund (a fiduciary fund).

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

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.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Novi Retiree Health Care Plan
	<hr/>
Date of member count	June 30, 2018
Inactive plan members or beneficiaries currently receiving benefits	80
Active plan members	<hr/> 127
Total plan members	<hr/> <hr/> 207

Contributions

Retiree healthcare costs are paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2018, the City made payments for postemployment health benefit premiums of \$613,678. Active plan members are required to contribute 20 percent of annual premiums to the plan.

June 30, 2018

Note 10 - Other Postemployment Benefit Plan (Continued)

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2018 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability as of June 30, 2017 and updated procedures were performed to roll forward the total OPEB liability to the June 30, 2018 measurement date.

Changes in the net OPEB liability during the measurement year were as follows:

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2017	\$ 28,795,628	\$ 27,315,165	\$ 1,480,463
Changes for the year:			
Service cost	372,847	-	372,847
Interest	2,136,783	-	2,136,783
Differences between expected and actual experience	(4,022,732)	-	(4,022,732)
Changes in assumptions	1,819,912	-	1,819,912
Contributions - Employer	-	613,678	(613,678)
Net investment income	-	2,845,010	(2,845,010)
Benefit payments, including refunds	(948,145)	(948,145)	-
Administrative expenses	-	(293,400)	293,400
Miscellaneous other charges	-	244	(244)
Net changes	(641,335)	2,217,387	(2,858,722)
Balance at June 30, 2018	<u>\$ 28,154,293</u>	<u>\$ 29,532,552</u>	<u>\$ (1,378,259)</u>

The plan's fiduciary net position represents 105 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$293,400.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,363,819
Net difference between projected and actual earnings on OPEB plan investments	-	655,929
Total	<u>\$ -</u>	<u>\$ 4,019,748</u>

Note 10 - Other Postemployment Benefit Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2019	\$ (822,895)
2020	(822,895)
2021	(822,895)
2022	(822,895)
2023	(658,913)
Thereafter	(69,255)
Total	<u>\$ (4,019,748)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 4 to 17 percent; an investment rate of return (net of investment expenses) of 7.25 percent; a healthcare cost trend rate of 9.0 percent for 2018, decreasing 0.50 to 0.75 percent per year to an ultimate rate of 4.00 percent for 2027 and later years; and using the RP-2000 Mortality Table projected 20 years with Scale BB. A 4.00 percent load was applied in connection with the "Cadillac" tax. These assumptions were applied to all periods included in the measurement.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 OPEB liability.

Investment Rate of Return

The investment rate of return was assumed to be 7.25 percent, net of OPEB plan investment expense, including inflation.

The long-term expected rate of return on OPEB plan investments for both systems was determined by the tax-exempt municipal bond rate based on a index of 20-year general obligation bonds with an average AA credit rating. The systems do not have investment policies and the systems only invest in cash and certificates of deposits.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.65 %
Global fixed income	18.50	1.76
Real assets	13.50	7.72
Diversifying strategies	12.50	5.50

Note 10 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percent Increase (8.25%)
Net OPEB liability of the City of Novi Retiree Health Care Plan	\$ 2,444,897	\$ (1,378,259)	\$ (4,609,275)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 9.0 percent, decreasing to 4.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (8.0%, decreasing to 3.0%)	Current Healthcare Cost Trend Rate (9.0%, decreasing to 4.0%)	1 Percent Increase (10.0%, decreasing to 5.0%)
Net OPEB liability of the City of Novi Retiree Health Care Plan	\$ (4,728,121)	\$ (1,378,259)	\$ 2,453,808

OPEB Plan Fiduciary Net Position

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

Noted that the discount rate and investment rate of return used to measure the total OPEB liability decreased in the current year to 7.25 percent. The OPEB liability measured at June 30, 2017 was calculated on a discount rate of 7.50 percent. This decrease is due to a change in capital market expectations.

Note 11 - Tax Abatements

The City uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years.

For the fiscal year ended June 30, 2018, the City's abated \$103,752 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Note 11 - Tax Abatements (Continued)

The City uses the Tool and Die Renaissance Recovery Zone exemption (PA 376 of 1996) to promote economic activity and to maintain or increase the number of jobs available to residents of the area and to temporarily reduce the amount of taxes paid by certain industries in the state that are facing difficult times (the tool and die industry in particular), enabling it to use the opportunity of reduced operation costs to reposition itself to compete globally. Under the program, the City grants reductions of 100 percent of the property tax bill until year six when the exemption is phased out in 25 percent increments. For the fiscal year ended June 30, 2018 the City abated \$1,538 of taxes under this program. There are no provisions to recapture taxes.

The City uses the Commercial Rehabilitation Project exemption (PA 210 of 2005) to enter into agreements with local businesses to construct new facilities within the established Commercial Rehabilitation District. Under the program, the City grants reductions of 100 percent of the ad valorem property taxes. For the fiscal year ended June 30, 2018, the City abated \$40,925 of taxes under this program. There are no provisions to recapture taxes.

Additionally, the Brownfield Redevelopment Authority (the "Brownfield"), a discretely presented component unit, uses Brownfield Redevelopment Agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Brownfield's tax revenue is reduced. For the fiscal year ended June 30, 2018, the Brownfield abated \$23,130 of taxes under this program. There are no provisions to recapture taxes.

Total tax abatements for all city levies amount to \$169,345 or 0.5 percent of total city tax revenue.

There are no significant abatements made by other governments that reduce the City's tax revenue.

Note 12 - Joint Venture

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, 2018 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.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes				
Current property taxes	\$ 21,880,204	\$ 21,836,556	\$ 21,889,244	\$ 52,688
Trailer fees	8,500	9,975	9,977	2
Penalty and interest	175,000	155,000	156,741	1,741
Total taxes	22,063,704	22,001,531	22,055,962	54,431
Licenses, Permits, and Charges for Services	4,695,302	4,432,080	3,916,149	(515,931)
Intergovernmental Revenue				
State-shared revenue	4,506,881	4,777,289	4,786,431	9,142
Federal grants	58,000	71,405	68,120	(3,285)
Total intergovernmental revenue	4,564,881	4,848,694	4,854,551	5,857
Fines and Forfeitures	560,000	560,000	510,091	(49,909)
Interest Income	593,273	582,241	364,555	(217,686)
Donations	1,500	1,500	130	(1,370)
Other Revenue	756,070	772,755	736,801	(35,954)
Transfers In	-	102,500	102,500	-
Total revenue	33,234,730	33,301,301	32,540,739	(760,562)
Expenditures				
City Council				
Personnel services	36,121	36,161	36,106	55
Supplies	500	448	192	256
Other services and charges	7,000	25,512	22,960	2,552
Total City Council	43,621	62,121	59,258	2,863
City Manager				
Personnel services	508,383	519,115	518,911	204
Supplies	1,500	1,535	1,518	17
Other services and charges	129,120	139,912	112,929	26,983
Capital outlay	-	6,700	-	6,700
Total city manager	639,003	667,262	633,358	27,204
Finance and Purchasing				
Personnel services	930,187	878,671	873,029	5,642
Supplies	13,200	9,156	5,944	3,212
Other services and charges	72,960	84,984	82,045	2,939
Total finance department	1,016,347	972,811	961,018	11,793
Information Technology				
Personnel services	733,394	749,321	747,635	1,686
Supplies	33,540	32,010	31,545	465
Other services and charges	221,510	225,327	207,215	18,112
Capital outlay	6,500	21,367	9,153	12,214
Total information technology	994,944	1,028,025	995,548	32,477

Required Supplemental Information
Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2018

Expenditures (Continued)	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Assessing				
Personnel services	607,023	630,935	629,240	1,695
Supplies	26,000	16,995	16,434	561
Other services and charges	159,680	159,660	150,892	8,768
Total assessing	792,703	807,590	796,566	11,024
City Attorney				
Other services and charges	747,000	680,900	680,799	101
Capital outlay	50,000	2,400	428	1,972
Total city attorney	797,000	683,300	681,227	2,073
City Clerk				
Personnel services	594,013	581,758	580,483	1,275
Supplies	42,000	43,580	37,527	6,053
Other services and charges	135,050	93,130	86,091	7,039
Capital outlay	7,500	3,650	3,647	3
Total city clerk	778,563	722,118	707,748	14,370
Treasury				
Personnel services	277,029	283,594	283,366	228
Supplies	31,000	33,025	30,553	2,472
Other services and charges	52,820	35,850	31,599	4,251
Capital outlay	-	6,400	1,447	4,953
Total treasury	360,849	358,869	346,965	11,904
Facility Operations				
Personnel services	333,468	345,611	345,255	356
Supplies	18,500	64,977	60,849	4,128
Other services and charges	543,390	683,554	640,511	43,043
Capital outlay	-	4,999	4,999	-
Total facility operations	895,358	1,099,141	1,051,614	47,527
Park Maintenance				
Personnel services	758,284	713,240	712,832	408
Supplies	22,500	23,500	23,308	192
Other services and charges	300,970	297,734	295,223	2,511
Capital outlay	154,500	585,867	91,415	494,452
Allocated to other funds	(349,605)	(347,605)	(347,626)	21
Total facility operations	886,649	1,272,736	775,152	497,584
Human Resources				
Personnel services	357,423	370,573	369,765	808
Supplies	1,000	1,000	670	330
Other services and charges	107,930	124,930	117,054	7,876
Capital outlay	-	9,193	-	9,193
Total human resources	466,353	505,696	487,489	18,207

Required Supplemental Information
Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2018

Expenditures (Continued)	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Community Relations				
Personnel services	510,551	330,564	330,323	241
Supplies	10,900	12,500	11,542	958
Other services and charges	403,530	437,086	414,215	22,871
Program expenditures	2,000	500	386	114
Total community relations	926,981	780,650	756,466	24,184
Economic Development				
Personnel services	-	140,100	139,846	254
Supplies	-	1,750	340	1,410
Other services and charges	-	26,550	20,522	6,028
Capital Outlay	-	7,500	7,500	-
Total economic development	-	175,900	168,208	7,692
Public Safety - Police Department				
Personnel services	11,016,811	11,562,658	11,559,960	2,698
Supplies	306,825	292,225	290,839	1,386
Other services and charges	1,050,735	1,051,995	1,033,523	18,472
Capital outlay	402,760	377,956	377,787	169
Total public safety - Police department	12,777,131	13,284,834	13,262,109	22,725
Public Safety - Fire Department				
Personnel services	4,838,005	4,948,327	4,861,691	86,636
Supplies	166,500	167,800	164,934	2,866
Other services and charges	652,575	657,775	653,546	4,229
Capital outlay	116,550	131,850	111,420	20,430
Total public safety - Fire department	5,773,630	5,905,752	5,791,591	114,161
Community Development - Building Division				
Personnel services	1,541,508	1,640,224	1,638,216	2,008
Supplies	32,600	16,390	15,648	742
Other services and charges	338,160	372,993	359,983	13,010
Capital outlay	27,000	27,097	27,097	-
Total community development - Building division	1,939,268	2,056,704	2,040,944	15,760
Community Development - Planning Division				
Personnel services	467,543	457,544	457,130	414
Supplies	5,500	2,500	854	1,646
Other services and charges	66,100	186,606	113,842	72,764
Capital outlay	50,000	18,990	18,990	-
Total community development - Planning division	589,143	665,640	590,816	74,824
Department of Public Services				
Personnel services	3,201,284	3,103,629	3,074,145	29,484
Supplies	134,700	151,011	141,373	9,638
Other services and charges	1,175,140	1,341,992	1,285,435	56,557
Capital outlay	997,829	1,400,353	867,881	532,472
Allocated to other funds	(2,106,784)	(2,323,584)	(2,121,590)	(201,994)
Maintenance	28,000	202,867	202,866	1
Total department of public works	3,430,169	3,876,268	3,450,110	426,158

Required Supplemental Information
Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2018

Expenditures (Continued)	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Recreation and Culture				
Personnel services	47,376	47,376	47,363	13
Supplies	9,642	9,342	4,670	4,672
Other services and charges	-	300	294	6
Total recreation and culture	57,018	57,018	52,327	4,691
Transfers Out	320,000	19,000	19,000	-
Total expenditures	33,484,730	35,001,435	33,627,514	(1,373,921)
Net Change in Fund Balance	(250,000)	(1,700,134)	(1,086,775)	613,359
Fund Balance - Beginning of year	12,905,841	12,905,841	12,905,841	-
Fund Balance - End of year	\$ 12,655,841	\$ 11,205,707	\$ 11,819,066	\$ 613,359

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Fund
 Major Street

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental:				
State-shared revenue and grants:				
Gas and weight tax	\$ 3,669,926	\$ 3,841,455	\$ 3,865,139	\$ 23,684
State grants	-	282,700	282,700	-
Other governments	-	70,000	70,000	-
Interest income	2,732	3,501	26,065	22,564
Other revenue - Transfers from other funds	777,000	1,249,128	-	(1,249,128)
Total revenue	4,449,658	5,446,784	4,243,904	(1,202,880)
Expenditures				
Current services - Public services:				
Construction	2,909,532	1,351,178	(319,230)	1,670,408
Routine and capital preventive maintenance	750,000	1,363,663	750,430	613,233
Traffic services	255,000	240,677	199,038	41,639
Winter maintenance	445,000	443,360	437,884	5,476
Other services and charges	89,340	246,620	101,930	144,690
Transfers to other funds	-	1,900,000	1,900,000	-
Total expenditures	4,448,872	5,545,498	3,070,052	2,475,446
Net Change in Fund Balance	786	(98,714)	1,173,852	1,272,566
Fund Balance - Beginning of year	626,757	626,757	626,757	-
Fund Balance - End of year	<u><u>\$ 627,543</u></u>	<u><u>\$ 528,043</u></u>	<u><u>\$ 1,800,609</u></u>	<u><u>\$ 1,272,566</u></u>

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

Last Ten Fiscal Years
(schedule is built prospectively upon implementation of GASB Statement No. 68)

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 1,255,498	\$ 1,279,328	\$ 1,402,754	\$ 1,495,687
Interest	7,586,392	7,325,066	6,983,009	6,687,807
Changes in benefit terms	-	-	23,615	-
Differences between expected and actual experience	(366,993)	248,579	301,433	-
Changes in assumptions	-	-	3,305,619	-
Benefit payments, including refunds	<u>(5,813,104)</u>	<u>(5,335,884)</u>	<u>(4,731,967)</u>	<u>(4,385,711)</u>
Net Change in Total Pension Liability	2,661,793	3,517,089	7,284,463	3,797,783
Total Pension Liability - Beginning of year	<u>97,108,697</u>	<u>93,591,608</u>	<u>86,307,145</u>	<u>82,509,362</u>
Total Pension Liability - End of year	<u>\$ 99,770,490</u>	<u>\$ 97,108,697</u>	<u>\$ 93,591,608</u>	<u>\$ 86,307,145</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 3,725,305	\$ 3,115,902	\$ 3,024,626	\$ 3,648,998
Contributions - Member	558,097	602,714	652,652	712,076
Net investment income (loss)	7,797,188	6,176,312	(898,140)	3,399,244
Administrative expenses	(123,263)	(122,174)	(124,928)	(126,196)
Benefit payments, including refunds	<u>(5,813,104)</u>	<u>(5,335,884)</u>	<u>(4,731,967)</u>	<u>(4,385,711)</u>
Net Change in Plan Fiduciary Net Position	6,144,223	4,436,870	(2,077,757)	3,248,411
Plan Fiduciary Net Position - Beginning of year	<u>59,427,850</u>	<u>54,990,980</u>	<u>57,068,737</u>	<u>53,820,326</u>
Plan Fiduciary Net Position - End of year	<u>\$ 65,572,073</u>	<u>\$ 59,427,850</u>	<u>\$ 54,990,980</u>	<u>\$ 57,068,737</u>
City's Net Pension Liability - Ending	<u>\$ 34,198,417</u>	<u>\$ 37,680,847</u>	<u>\$ 38,600,628</u>	<u>\$ 29,238,408</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.72 %	61.20 %	58.76 %	66.12 %
Covered Employee Payroll	\$ 10,616,668	\$ 10,614,530	\$ 11,371,927	\$ 12,101,246
City's Net Pension Liability as a Percentage of Covered Employee Payroll	322.12 %	354.99 %	339.44 %	241.61 %

Required Supplemental Information
Schedule of City Contributions

Last Ten Fiscal Years
Years Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 3,769,303	\$ 3,137,158	\$ 3,054,597	\$ 2,628,762	\$ 2,475,532	\$ 2,144,511	\$ 2,380,929	\$ 2,486,069	\$ 2,188,904	\$ 2,231,166
Contributions in relation to the actuarially determined contribution	4,219,303	3,137,158	3,054,597	2,628,762	2,475,532	2,144,511	2,380,929	2,486,069	2,188,904	2,231,166
Contributions in Excess	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 12,710,865	\$ 11,360,375	\$ 12,074,423	\$ 12,710,865	\$ 11,995,155	\$ 12,338,686	\$ 13,511,225	\$ 13,817,418	\$ 15,929,804	\$ 16,092,414
Contributions as a Percentage of Covered Employee Payroll	33.19 %	27.61 %	25.30 %	20.68 %	20.64 %	17.38 %	17.62 %	17.99 %	13.74 %	13.86 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	12 - 23 years (depends on division)
Asset valuation method	10-year smoothed market
Inflation	2.5 percent
Salary increase	3.75 - 14.75 percent, including inflation
Investment rate of return	7.75 percent
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50 percent male - 50 percent female blend of the RP-2014 Mortality Table
Other information	None

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

Last Ten Fiscal Years
(schedule is built prospectively upon implementation of GASB Statement No. 74)

	2018	2017
Total OPEB Liability		
Service cost	\$ 372,847	\$ 440,432
Interest	2,136,783	2,030,554
Differences between expected and actual experience	(4,022,732)	(86,522)
Changes in assumptions	1,819,912	-
Benefit payments, including refunds	(948,145)	(885,353)
Net Change in Total OPEB Liability	(641,335)	1,499,111
Total OPEB Liability - Beginning of year	28,795,628	27,296,517
Total OPEB Liability - End of year	\$ 28,154,293	\$ 28,795,628
Plan Fiduciary Net Position		
Contributions - Employer	\$ 613,678	\$ 617,207
Net investment income	2,845,010	3,399,591
Administrative expenses	(293,400)	(245,933)
Benefit payments, including refunds	(948,145)	(885,353)
Other	244	-
Net Change in Plan Fiduciary Net Position	2,217,387	2,885,512
Plan Fiduciary Net Position - Beginning of year	27,315,165	24,429,653
Plan Fiduciary Net Position - End of year	\$ 29,532,552	\$ 27,315,165
Net OPEB (Asset) Liability - Ending	\$ (1,378,259)	\$ 1,480,463
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	104.90 %	94.86 %
Covered Employee Payroll	\$ 10,800,824	\$ 10,711,843
Net OPEB (Asset) Liability as a Percentage of Covered Employee Payroll	(12.76)%	13.82 %

Required Supplemental Information
Schedule of OPEB Contributions

Last Ten Fiscal Years
Years Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 613,678	\$ 617,207	\$ 871,702	\$ 875,196	\$ 1,393,087	\$ 1,399,119	\$ 1,498,004	\$ 1,500,006	\$ 1,430,047	\$ 1,453,481
Contributions in relation to the actuarially determined contribution	651,312	651,312	904,483	1,005,247	1,525,297	1,635,624	1,596,469	1,586,557	1,553,667	1,616,857
Contribution Excess	\$ 37,634	\$ 34,105	\$ 32,781	\$ 130,051	\$ 132,210	\$ 236,505	\$ 98,465	\$ 86,551	\$ 123,620	\$ 163,376
Covered Employee Payroll	\$ 10,800,824	\$ 10,711,843	\$ 12,101,246	\$ 12,101,246	\$ 11,995,155	\$ 11,995,155	\$ 13,511,225	\$ 13,511,225	\$ 15,929,804	\$ 15,929,804
Contributions as a Percentage of Covered Employee Payroll	6.03 %	6.08 %	7.47 %	8.31 %	12.72 %	13.64 %	11.82 %	11.74 %	9.75 %	10.15 %

Notes to Schedule of OPEB Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	Market value of assets
Inflation	2.75 percent
Healthcare cost trend rates	9.0 percent, gradually decreasing to 4.0 percent in year 10
Salary increase	4.0 percent to 17.0 percent, including inflation
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2000 Mortality Table projected 20 years with Scale BB
Other information	There were no benefit changes during the year.

Required Supplemental Information
OPEB Plan
Schedule of Investment Returns

**Last Ten Fiscal Years
Years Ended June 30**

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	8.99 %	12.20 %

Budgetary Information

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:

- a. Budgets must be adopted for the General Fund and special revenue funds.
- b. Budgeted expenditures cannot exceed budgeted revenue and fund balance.
- c. The budgets must be amended when necessary.
- d. Public hearings must be held before budget adoptions.
- e. Expenditures cannot exceed budget appropriations.
- f. 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 is presented as required supplemental information. 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.

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.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that transfers have been included in the "revenue" and "expenditure" categories rather than as "other financing sources (uses)." A reconciliation of the General Fund budgetary comparison schedules to the fund-based statement of revenue, expenditures, changes in fund balances is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>
Amounts per operating statement	\$ 32,438,239	\$ 33,608,514
Operating transfers budgeted as revenue and expenditures	102,500	19,000
Amounts per budget statement	<u>\$ 32,540,739</u>	<u>\$ 33,627,514</u>

Other Supplemental Information

Local Street Fund

The Local Street Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the City's 146.5 centerline miles of local streets, as defined by State Act 51. Financing is provided by the City's share of state gas and weight taxes and transfers from other funds.

Municipal Streets Fund

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

Parks, Recreation, and Cultural Services Fund

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

Tree Fund

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

Drain Revenue Fund

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

PEG Cable Fund

This fund was established to track the revenue and expenditures related to providing cable services to the City, including cable franchise revenue and cable production fees.

Community Development Block Grant (CDBG) Fund

This fund records federal grant monies passed through to the City from Oakland County. These funds are used to support the youth assistance program and minor home repair program.

Forfeiture Fund

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

Library Fund

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

Library Contribution Fund

In May 2004, the City of Novi, Michigan's library received a generous gift of \$1,000,000 from Charles and Myrtle Walker for use in the replacement or expansion of the then-existing library building. 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. As of January 1, 2014, the restrictions on the use of these funds expired.

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.

Street Lighting (West Oak Street) 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.

Street Lighting (West Lake Drive) 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.

Street Lighting (Town Center Street) 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.

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.

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).

Capital Improvement Program

This fund is used to account for the collection and corresponding expenditures related to the August 2016 voter-approved CIP millage (1 mill) to be levied beginning on July 1, 2017.

Street Improvement Fund

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

Gun Range Facility Fund

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

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

	Special Revenue Funds								
	Local Street Fund	Municipal Streets Fund	Parks, Recreation, and Cultural Services Fund	Tree Fund	Drain Revenue Fund	PEG Cable Fund	Community Development Block Grant Fund	Forfeiture Fund	Library Fund
Assets									
Cash and cash equivalents	\$ 311,023	\$ 453,574	\$ 80,362	\$ 72,661	\$ 79,246	\$ 58,730	\$ -	\$ 99,567	\$ 28,152
Investments	615,396	4,039,669	1,286,760	3,927,840	590,657	628,918	-	442,187	2,072,107
Accounts receivable:									
Special assessments	-	12,294	-	-	-	-	-	-	-
Other	-	-	18,050	-	-	91,702	-	-	-
Due from other governments	232,946	-	-	-	7,965	19,003	52,179	-	-
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	740
Total assets	\$ 1,159,365	\$ 4,505,537	\$ 1,385,172	\$ 4,000,501	\$ 677,868	\$ 798,353	\$ 52,179	\$ 541,754	\$ 2,100,999
Liabilities									
Accounts payable	\$ 617,181	\$ 573,829	\$ 158,790	\$ 63,417	\$ 548,888	\$ 3,666	\$ 41,418	\$ 62,877	\$ 134,608
Due to other funds	-	-	-	-	-	-	10,761	-	-
Refundable deposits	-	-	1,781	-	-	-	-	-	500
Accrued liabilities and other	-	287,818	160,782	248,264	2,000	6,519	-	-	61,341
Total liabilities	617,181	861,647	321,353	311,681	550,888	10,185	52,179	62,877	196,449
Deferred Inflows of Resources -									
Unavailable revenue									
Other	-	-	7,454	-	-	-	-	-	-
Special assessments	-	12,294	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	29,591	-	-
Total deferred inflows of resources	-	12,294	7,454	-	-	-	29,591	-	-
Total liabilities and deferred inflows of resources	617,181	873,941	328,807	311,681	550,888	10,185	81,770	62,877	196,449
Fund Balances									
Nonspendable - Prepays	-	-	-	-	-	-	-	-	740
Restricted:									
Roads	542,184	3,631,596	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	478,877	-
Debt service	-	-	-	-	-	-	-	-	-
Infrastructure improvements	-	-	-	-	-	-	-	-	-
Parks, recreation, and cultural services	-	-	1,056,365	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	1,903,810
Storm water systems	-	-	-	-	126,980	-	-	-	-
Tree replacement and maintenance	-	-	-	3,688,820	-	-	-	-	-
Street lighting improvements	-	-	-	-	-	-	-	-	-
PEG access support fees	-	-	-	-	-	788,168	-	-	-
Unassigned	-	-	-	-	-	-	(29,591)	-	-
Total fund balances	542,184	3,631,596	1,056,365	3,688,820	126,980	788,168	(29,591)	478,877	1,904,550
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,159,365	\$ 4,505,537	\$ 1,385,172	\$ 4,000,501	\$ 677,868	\$ 798,353	\$ 52,179	\$ 541,754	\$ 2,100,999

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

Special Revenue Funds					Debt Service Fund	Capital Project Funds					Permanent Funds	Total
Library Contribution Fund	Rubbish Collection Fund	West Oak Street Lighting Fund	West Lake Drive Street Lighting Fund	Town Center Street Lighting Fund	2008 Library Construction Debt Fund	Special Assessment Revolving Fund	Capital Improvement Program	Street Improvement Fund	Gun Range Facility Fund	Drain Perpetual Maintenance Fund		
\$ 47,233	\$ 191,564	\$ 42,910	\$ 2,941	\$ 8,646	\$ 255,483	\$ 66,257	\$ 95,872	\$ 28,063	\$ 61,442	\$ 78,228		\$ 2,061,954
1,666,261	-	-	-	-	-	3,906,860	2,224,203	3,706,937	256,704	6,754,147		32,118,646
-	-	-	-	-	-	-	-	-	-	-		12,294
-	10,424	-	-	-	-	-	640	-	7,600	-		128,416
-	-	-	-	-	-	-	-	-	-	-		312,093
-	-	-	-	-	-	-	-	-	-	-		740
\$ 1,713,494	\$ 201,988	\$ 42,910	\$ 2,941	\$ 8,646	\$ 255,483	\$ 3,973,117	\$ 2,320,715	\$ 3,735,000	\$ 325,746	\$ 6,832,375		\$ 34,634,143
\$ 6,066	\$ 198,215	\$ 608	\$ 236	\$ 1,693	\$ -	\$ -	\$ 193,750	\$ -	\$ -	\$ -		\$ 2,605,242
-	-	-	-	-	-	-	-	-	-	-		10,761
-	-	-	-	-	-	-	-	-	-	-		2,281
-	-	-	-	-	3,000	-	5,000	-	-	-		774,724
6,066	198,215	608	236	1,693	3,000	-	198,750	-	-	-		3,393,008
-	3,773	-	-	-	-	-	-	-	-	-		11,227
-	-	-	-	-	-	-	-	-	-	-		12,294
-	-	-	-	-	-	-	-	-	-	-		29,591
-	3,773	-	-	-	-	-	-	-	-	-		53,112
6,066	201,988	608	236	1,693	3,000	-	198,750	-	-	-		3,446,120
-	-	-	-	-	-	-	-	-	-	-		740
-	-	-	-	-	-	-	-	3,735,000	-	-		7,908,780
-	-	-	-	-	-	-	-	-	20,418	-		499,295
-	-	-	-	-	252,483	-	-	-	-	-		252,483
-	-	-	-	-	-	3,973,117	2,121,965	-	-	-		6,095,082
-	-	-	-	-	-	-	-	-	-	-		1,056,365
1,707,428	-	-	-	-	-	-	-	-	-	-		3,611,238
-	-	-	-	-	-	-	-	-	-	6,832,375		6,959,355
-	-	-	-	-	-	-	-	-	-	-		3,688,820
-	-	42,302	2,705	6,953	-	-	-	-	-	-		51,960
-	-	-	-	-	-	-	-	-	-	-		788,168
-	-	-	-	-	-	-	-	-	305,328	-		275,737
1,707,428	-	42,302	2,705	6,953	252,483	3,973,117	2,121,965	3,735,000	325,746	6,832,375		31,188,023
\$ 1,713,494	\$ 201,988	\$ 42,910	\$ 2,941	\$ 8,646	\$ 255,483	\$ 3,973,117	\$ 2,320,715	\$ 3,735,000	\$ 325,746	\$ 6,832,375		\$ 34,634,143

City of Novi, Michigan

	Special Revenue Funds								
	Local Street Fund	Municipal Streets Fund	Parks, Recreation, and Cultural Services Fund	Tree Fund	Drain Revenue Fund	PEG Cable Fund	Community Development Block Grant Fund	Forfeiture Fund	Library Fund
Revenue									
Property taxes	\$ -	\$ 5,097,215	\$ 1,309,849	\$ -	\$ 915,562	\$ -	\$ -	\$ -	\$ 2,622,217
Special assessments	-	13,769	-	-	-	-	-	-	-
Intergovernmental:									
Federal grants	-	-	-	-	-	-	99,885	213,444	-
State-shared revenue and grants	1,461,362	186,014	-	402,500	-	-	-	106,235	38,689
Other governments	-	112,763	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	167,590
Interest and rentals:									
Investment earnings	9,669	51,138	16,487	46,382	19,931	5,398	-	5,095	26,180
Rental income	-	-	-	-	-	-	-	-	-
Other revenue:									
Local donations	-	-	71,826	-	-	-	-	-	9,842
Miscellaneous	24,535	118,171	12,551	402,800	58,865	-	-	26,375	88,039
Cable franchise fees	-	-	-	-	-	373,692	-	-	-
Recreational programs	-	-	1,536,716	-	-	-	-	-	-
Total revenue	1,495,566	5,579,070	2,947,429	851,682	994,358	379,090	99,885	351,149	2,952,557
Expenditures									
Current services:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	330,755	-
Public services	3,495,846	1,457,912	-	1,005,309	3,073,242	-	-	-	-
Community and economic development	-	-	-	-	-	233,556	127,989	-	-
Recreation and culture	-	-	3,063,724	-	-	-	-	-	2,887,997
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-
Total expenditures	3,495,846	1,457,912	3,063,724	1,005,309	3,073,242	233,556	127,989	330,755	2,887,997
Excess of Revenue (Under) Over Expenditures	(2,000,280)	4,121,158	(116,295)	(153,627)	(2,078,884)	145,534	(28,104)	20,394	64,560
Other Financing Sources (Uses)									
Transfers in	1,900,000	-	-	-	-	-	-	-	-
Transfers out	-	(3,530,000)	(102,500)	-	-	-	-	-	-
Total other financing sources (uses)	1,900,000	(3,530,000)	(102,500)	-	-	-	-	-	-
Net Change in Fund Balances	(100,280)	591,158	(218,795)	(153,627)	(2,078,884)	145,534	(28,104)	20,394	64,560
Fund Balances - Beginning of year	642,464	3,040,438	1,275,160	3,842,447	2,205,864	642,634	(1,487)	458,483	1,839,990
Fund Balances - End of year	<u>\$ 542,184</u>	<u>\$ 3,631,596</u>	<u>\$ 1,056,365</u>	<u>\$ 3,688,820</u>	<u>\$ 126,980</u>	<u>\$ 788,168</u>	<u>\$ (29,591)</u>	<u>\$ 478,877</u>	<u>\$ 1,904,550</u>

Other Supplemental Information
 Combining Statement of Revenue, Expenditures, and Changes in Fund
 Balances
 Nonmajor Governmental Funds

Year Ended June 30, 2018

Special Revenue Funds					Debt Service Fund	Capital Project Funds					Permanent Fund	Total
Library Contribution Fund	Rubbish Collection Fund	West Oak Street Lighting Fund	West Lake Drive Street Lighting Fund	Town Center Street Lighting Fund	2008 Library Construction Debt Fund	Special Assessment Revolving Fund	Capital Improvement Program	Street Improvement Fund	Gun Range Facility Fund	Drain Perpetual Maintenance Fund		
\$ -	\$ -	\$ 7,529	\$ 3,300	\$ 25,000	\$ 1,257,088	\$ -	\$ 3,400,855	\$ -	\$ -	\$ -	\$ -	\$ 14,602,786
-	-	-	-	-	-	-	-	-	-	-	-	49,598
-	-	-	-	-	-	-	-	-	-	-	-	313,329
-	-	-	-	-	-	-	-	-	-	-	-	2,194,800
-	2,178,103	-	-	-	-	-	-	-	4,915	-	-	112,763
-	-	-	-	-	-	-	-	-	-	-	-	2,183,018
-	-	-	-	-	-	-	-	-	-	-	-	167,590
19,127	1,343	26	2	8	174	45,061	17,507	-	3,014	77,488	-	344,030
-	-	-	-	-	-	-	-	-	71,800	-	-	71,800
1,321	-	-	-	-	-	-	-	-	-	-	-	82,989
28,895	-	-	-	-	-	-	-	-	-	-	-	760,231
-	-	-	-	-	-	-	-	-	-	-	-	373,692
-	-	-	-	-	-	-	-	-	-	-	-	1,536,716
49,343	2,179,446	7,555	3,302	25,008	1,257,262	45,061	3,418,362	-	79,729	77,488	-	22,793,342
-	-	-	-	-	-	-	329,949	-	-	-	-	329,949
-	-	-	-	-	-	-	23,309	-	70,476	-	-	424,540
-	2,198,446	7,520	2,962	20,343	-	550	309,204	3,850,000	-	-	-	15,421,334
-	-	-	-	-	-	-	-	-	-	-	-	361,545
39,861	-	-	-	-	570	-	636,428	-	-	-	-	6,628,580
-	-	-	-	-	920,000	-	-	-	-	-	-	920,000
-	-	-	-	-	425,350	-	-	-	-	-	-	425,350
39,861	2,198,446	7,520	2,962	20,343	1,345,920	550	1,298,890	3,850,000	70,476	-	-	24,511,298
9,482	(19,000)	35	340	4,665	(88,658)	44,511	2,119,472	(3,850,000)	9,253	77,488	-	(1,717,956)
-	19,000	-	-	-	-	-	-	3,530,000	-	-	-	5,449,000
-	-	-	-	-	-	-	-	-	-	-	-	(3,632,500)
-	19,000	-	-	-	-	-	-	3,530,000	-	-	-	1,816,500
9,482	-	35	340	4,665	(88,658)	44,511	2,119,472	(320,000)	9,253	77,488	-	98,544
1,697,946	-	42,267	2,365	2,288	341,141	3,928,606	2,493	4,055,000	316,493	6,754,887	-	31,089,479
\$ 1,707,428	\$ -	\$ 42,302	\$ 2,705	\$ 6,953	\$ 252,483	\$ 3,973,117	\$ 2,121,965	\$ 3,735,000	\$ 325,746	\$ 6,832,375	\$ -	\$ 31,188,023

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 Local Street

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental:				
State-shared revenue and grants:				
Gas and weight tax	\$ 1,282,328	\$ 1,351,688	\$ 1,362,035	\$ 10,347
State grants	-	99,320	99,327	7
Interest income	3,400	4,178	9,669	5,491
Other revenue:				
Transfers from other funds	3,735,000	3,303,946	1,900,000	(1,403,946)
Miscellaneous	-	500	24,535	24,035
Total revenue	5,020,728	4,759,632	3,395,566	(1,364,066)
Expenditures				
Current - Public services:				
Construction	3,596,952	3,131,863	2,205,447	926,416
Routine and capital preventative maintenance	930,000	1,221,503	815,852	405,651
Traffic services	125,000	99,500	75,676	23,824
Winter maintenance	390,000	320,535	320,526	9
Other services and charges	77,890	78,345	78,345	-
Total expenditures	5,119,842	4,851,746	3,495,846	1,355,900
Net Change in Fund Balance	(99,114)	(92,114)	(100,280)	(8,166)
Fund Balance - Beginning of year	642,464	642,464	642,464	-
Fund Balance - End of year	\$ 543,350	\$ 550,350	\$ 542,184	\$ (8,166)

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Municipal Streets

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 5,069,973	\$ 5,069,973	\$ 5,097,215	\$ 27,242
Special assessments	13,769	13,769	13,769	-
Intergovernmental:				
State grants	200,000	186,014	186,014	-
Other governments	110,000	112,763	112,763	-
Interest income	66,000	66,000	51,138	(14,862)
Other miscellaneous income	35,000	136,861	118,171	(18,690)
Total revenue	5,494,742	5,585,380	5,579,070	(6,310)
Expenditures				
Current - Public services:				
Construction	1,045,000	1,048,641	913,113	135,528
Routine and capital preventative maintenance	218,000	123,931	106,421	17,510
Administration	200,325	237,449	195,577	41,872
Winter maintenance	250,000	242,820	242,801	19
Transfers to other funds	4,262,000	6,183,074	3,530,000	2,653,074
Total expenditures	5,975,325	7,835,915	4,987,912	2,848,003
Net Change in Fund Balance	(480,583)	(2,250,535)	591,158	2,841,693
Fund Balance - Beginning of year	3,040,438	3,040,438	3,040,438	-
Fund Balance - End of year	<u>\$ 2,559,855</u>	<u>\$ 789,903</u>	<u>\$ 3,631,596</u>	<u>\$ 2,841,693</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Parks, Recreation, and Cultural Services

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,295,457	\$ 1,295,457	\$ 1,309,849	\$ 14,392
Interest income	28,685	28,685	16,487	(12,198)
Other revenue:				
Donations	4,500	107,001	71,826	(35,175)
Transfers from other funds	70,000	-	-	-
Recreational programs	1,310,200	1,500,798	1,536,716	35,918
Miscellaneous	7,400	12,500	12,551	51
Total revenue	2,716,242	2,944,441	2,947,429	2,988
Expenditures				
Current - Recreation and culture:				
Personnel services	1,201,408	1,310,035	1,297,038	12,997
Supplies	73,180	82,675	48,197	34,478
Other services and charges	1,391,654	1,512,840	1,374,184	138,656
Construction	50,000	614,178	344,305	269,873
Transfers to other funds	-	102,500	102,500	-
Total expenditures	2,716,242	3,622,228	3,166,224	456,004
Net Change in Fund Balance	-	(677,787)	(218,795)	458,992
Fund Balance - Beginning of year	1,275,160	1,275,160	1,275,160	-
Fund Balance - End of year	<u>\$ 1,275,160</u>	<u>\$ 597,373</u>	<u>\$ 1,056,365</u>	<u>\$ 458,992</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Tree

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
State grants	\$ -	\$ 402,500	\$ 402,500	\$ -
Interest income	58,668	29,668	46,382	16,714
Other revenue:				
Tree fund	410,000	309,000	393,550	84,550
Tree fund maintenance	10,000	12,010	8,650	(3,360)
Miscellaneous income	-	1,000	600	(400)
Total revenue	478,668	754,178	851,682	97,504
Expenditures - Current - Public services - Tree fund expenditures	478,668	1,101,778	1,005,309	96,469
Net Change in Fund Balance	-	(347,600)	(153,627)	193,973
Fund Balance - Beginning of year	3,842,447	3,842,447	3,842,447	-
Fund Balance - End of year	<u>\$ 3,842,447</u>	<u>\$ 3,494,847</u>	<u>\$ 3,688,820</u>	<u>\$ 193,973</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Drain Revenue

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 690,937	\$ 908,899	\$ 915,562	\$ 6,663
Interest income	59,810	9,810	19,931	10,121
Other revenue:				
Transfers from other funds	2,242,000	4,102,000	-	(4,102,000)
Miscellaneous	10,000	50,000	58,865	8,865
Total revenue	3,002,747	5,070,709	994,358	(4,076,351)
Expenditures				
Current services - Public services:				
Construction	1,662,429	5,380,376	2,327,399	3,052,977
Maintenance	698,500	955,015	631,228	323,787
Administration	137,818	168,289	114,615	53,674
Transfers to other funds	504,000	504,000	-	504,000
Total expenditures	3,002,747	7,007,680	3,073,242	3,934,438
Net Change in Fund Balance	-	(1,936,971)	(2,078,884)	(141,913)
Fund Balance - Beginning of year	2,205,864	2,205,864	2,205,864	-
Fund Balance - End of year	\$ 2,205,864	\$ 268,893	\$ 126,980	\$ (141,913)

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 PEG Cable

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Interest income	\$ 2,733	\$ 2,733	\$ 5,398	\$ 2,665
Other revenue - Cable franchise fees	300,000	312,000	373,692	61,692
Total revenue	302,733	314,733	379,090	64,357
Expenditures				
Current - Community and economic development:				
Personnel services	204,534	197,179	191,602	5,577
Supplies	-	4,326	3,727	599
Other services and charges	26,000	37,125	17,327	19,798
Construction	46,199	60,103	20,900	39,203
Total expenditures	276,733	298,733	233,556	65,177
Net Change in Fund Balance	26,000	16,000	145,534	129,534
Fund Balance - Beginning of year	642,634	642,634	642,634	-
Fund Balance - End of year	\$ 668,634	\$ 658,634	\$ 788,168	\$ 129,534

City of Novi, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Community Development Block Grant

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Federal grants	\$ 98,481	\$ 147,041	\$ 99,885	\$ (47,156)
Expenditures - Current - Community and economic development	98,481	147,041	127,989	19,052
Net Change in Fund Balance	-	-	(28,104)	(28,104)
Fund Balance - Beginning of year	(1,487)	(1,487)	(1,487)	-
Fund Balance - End of year	<u><u>\$ (1,487)</u></u>	<u><u>\$ (1,487)</u></u>	<u><u>\$ (29,591)</u></u>	<u><u>\$ (28,104)</u></u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Forfeiture

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental:				
Federal forfeiture funds	\$ 58,000	\$ 217,200	\$ 239,819	\$ 22,619
State forfeiture funds	15,000	112,075	106,235	(5,840)
Interest income	2,500	2,500	5,095	2,595
Other revenue - Local forfeiture funds	1,000	1,000	-	(1,000)
Total revenue	<u>76,500</u>	<u>332,775</u>	<u>351,149</u>	<u>18,374</u>
Expenditures				
Current - Public safety:				
Supplies	20,000	50,000	36,160	13,840
Other services and charges	307,000	316,970	294,045	22,925
Administration	475	550	550	-
Total expenditures	<u>327,475</u>	<u>367,520</u>	<u>330,755</u>	<u>36,765</u>
Net Change in Fund Balance	(250,975)	(34,745)	20,394	55,139
Fund Balance - Beginning of year	<u>458,483</u>	<u>458,483</u>	<u>458,483</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 207,508</u></u>	<u><u>\$ 423,738</u></u>	<u><u>\$ 478,877</u></u>	<u><u>\$ 55,139</u></u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Library

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 2,604,070	\$ 2,604,070	\$ 2,622,217	\$ 18,147
State sources	34,000	34,000	38,689	4,689
Fines and forfeitures	162,000	174,141	167,590	(6,551)
Interest income	35,000	35,000	26,180	(8,820)
Other revenue:				
Donations	1,000	8,080	18,590	10,510
Miscellaneous	64,950	67,744	79,291	11,547
Total revenue	2,901,020	2,923,035	2,952,557	29,522
Expenditures				
Current - Recreation and culture:				
Personnel services	1,825,896	1,820,350	1,768,166	52,184
Supplies	615,000	598,600	524,924	73,676
Other services and charges	517,000	532,275	534,384	(2,109)
Capital outlay	133,100	67,100	60,523	6,577
Total expenditures	3,090,996	3,018,325	2,887,997	130,328
Net Change in Fund Balance	(189,976)	(95,290)	64,560	159,850
Fund Balance - Beginning of year	1,839,990	1,839,990	1,839,990	-
Fund Balance - End of year	<u>\$ 1,650,014</u>	<u>\$ 1,744,700</u>	<u>\$ 1,904,550</u>	<u>\$ 159,850</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Library Contribution

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Interest income	\$ 42,000	\$ 42,000	\$ 19,127	\$ (22,873)
Other revenue - Donations	11,965	31,000	30,216	(784)
Total revenue	53,965	73,000	49,343	(23,657)
Expenditures - Current - Recreation and culture - Other services and charges	53,965	167,965	39,861	128,104
Net Change in Fund Balance	-	(94,965)	9,482	104,447
Fund Balance - Beginning of year	1,697,946	1,697,946	1,697,946	-
Fund Balance - End of year	<u>\$ 1,697,946</u>	<u>\$ 1,602,981</u>	<u>\$ 1,707,428</u>	<u>\$ 104,447</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Rubbish Collection Fund

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ 1,920,000	\$ 2,175,600	\$ 2,178,103	\$ 2,503
Interest income	-	-	1,343	1,343
Other revenue:				
Miscellaneous	-	5,000	-	(5,000)
Transfers from other funds	-	19,000	19,000	-
Total revenue	1,920,000	2,199,600	2,198,446	(1,154)
Expenditures - Current - Public services - Rubbish disposal	1,920,000	2,199,600	2,198,446	1,154
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 West Oak Street Lighting

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	\$ 7,529	\$ 7,529	\$ 7,529	\$ -
Interest income	71	71	26	(45)
Total revenue	7,600	7,600	7,555	(45)
Expenditures - Current - Public services - Street lighting installation	10,000	10,000	7,520	2,480
Net Change in Fund Balance	(2,400)	(2,400)	35	2,435
Fund Balance - Beginning of year	42,267	42,267	42,267	-
Fund Balance - End of year	<u>\$ 39,867</u>	<u>\$ 39,867</u>	<u>\$ 42,302</u>	<u>\$ 2,435</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 West Lake Drive Street Lighting

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	\$ 3,300	\$ 3,300	\$ 3,300	\$ -
Interest income	-	-	2	2
Total revenue	3,300	3,300	3,302	2
Expenditures - Current - Public services - Street lighting installation	3,450	3,450	2,962	488
Net Change in Fund Balance	(150)	(150)	340	490
Fund Balance - Beginning of year	2,365	2,365	2,365	-
Fund Balance - End of year	<u>\$ 2,215</u>	<u>\$ 2,215</u>	<u>\$ 2,705</u>	<u>\$ 490</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Town Center Street Lighting

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Interest income	-	-	8	8
Total revenue	25,000	25,000	25,008	8
Expenditures - Current - Public services - Street lighting installation	25,000	25,000	20,343	4,657
Net Change in Fund Balance	-	-	4,665	4,665
Fund Balance - Beginning of year	2,288	2,288	2,288	-
Fund Balance - End of year	<u>\$ 2,288</u>	<u>\$ 2,288</u>	<u>\$ 6,953</u>	<u>\$ 4,665</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Library Construction Debt

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,344,100	\$ 1,246,350	\$ 1,257,088	\$ 10,738
Interest income	500	170	174	4
Total revenue	1,344,600	1,246,520	1,257,262	10,742
Expenditures				
Current services - Recreation and culture - Other services and charges	500	570	570	-
Debt service	1,344,100	1,345,350	1,345,350	-
Total expenditures	1,344,600	1,345,920	1,345,920	-
Net Change in Fund Balance	-	(99,400)	(88,658)	10,742
Fund Balance - Beginning of year	341,141	341,141	341,141	-
Fund Balance - End of year	<u>\$ 341,141</u>	<u>\$ 241,741</u>	<u>\$ 252,483</u>	<u>\$ 10,742</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Improvement Program

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 3,419,871	\$ 3,400,871	\$ 3,400,855	\$ (16)
Interest income	18,105	18,105	17,507	(598)
Other revenue:				
Transfers from other funds	2,736,000	2,736,000	-	(2,736,000)
Proceeds from long-term debt	12,371,088	-	-	-
Total revenue	<u>18,545,064</u>	<u>6,154,976</u>	<u>3,418,362</u>	<u>(2,736,614)</u>
Expenditures				
Current services:				
General government - Capital improvements	2,096,000	329,949	329,949	-
Public safety - Capital improvements	-	23,311	23,309	2
Public works - Capital improvements	7,200,000	2,894,665	309,204	2,585,461
Recreation and culture - Capital improvements	9,249,064	2,907,051	636,428	2,270,623
Total expenditures	<u>18,545,064</u>	<u>6,154,976</u>	<u>1,298,890</u>	<u>4,856,086</u>
Net Change in Fund Balance	-	-	2,119,472	2,119,472
Fund Balance - Beginning of year	<u>2,493</u>	<u>2,493</u>	<u>2,493</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 2,493</u></u>	<u><u>\$ 2,493</u></u>	<u><u>\$ 2,121,965</u></u>	<u><u>\$ 2,119,472</u></u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Assessment Revolving

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Interest income	\$ 50,475	\$ 50,475	\$ 45,061	\$ (5,414)
Expenditures - Current - Public services - Other services and charges	475	550	550	-
Net Change in Fund Balance	50,000	49,925	44,511	(5,414)
Fund Balance - Beginning of year	3,928,606	3,928,606	3,928,606	-
Fund Balance - End of year	<u>\$ 3,978,606</u>	<u>\$ 3,978,531</u>	<u>\$ 3,973,117</u>	<u>\$ (5,414)</u>

City of Novi, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Street Improvement

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Transfers from other funds	\$ -	\$ 3,530,000	\$ 3,530,000	\$ -
Expenditures - Current - Public services - Street construction	-	4,055,000	3,850,000	205,000
Net Change in Fund Balance	-	(525,000)	(320,000)	205,000
Fund Balance - Beginning of year	4,055,000	4,055,000	4,055,000	-
Fund Balance - End of year	<u>\$ 4,055,000</u>	<u>\$ 3,530,000</u>	<u>\$ 3,735,000</u>	<u>\$ 205,000</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Gun Range Facility

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ 10,000	\$ 10,000	\$ 4,915	\$ (5,085)
Interest income	1,000	1,000	3,014	2,014
Licenses, permits, and charges for services	100,000	80,200	71,800	(8,400)
Total revenue	111,000	91,200	79,729	(11,471)
Expenditures - Current - Public safety	330,000	337,180	70,476	266,704
Net Change in Fund Balance	(219,000)	(245,980)	9,253	255,233
Fund Balance - Beginning of year	316,493	316,493	316,493	-
Fund Balance - End of year	\$ 97,493	\$ 70,513	\$ 325,746	\$ 255,233

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Drain Perpetual Maintenance

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Interest income	\$ 70,000	\$ 70,000	\$ 77,488	\$ 7,488
Tap-in fees	25,000	25,000	-	(25,000)
Total revenue	95,000	95,000	77,488	(17,512)
Expenditures - Transfers to other funds	2,242,000	4,102,000	-	4,102,000
Net Change in Fund Balance	(2,147,000)	(4,007,000)	77,488	4,084,488
Fund Balance - Beginning of year	6,754,887	6,754,887	6,754,887	-
Fund Balance - End of year	<u>\$ 4,607,887</u>	<u>\$ 2,747,887</u>	<u>\$ 6,832,375</u>	<u>\$ 4,084,488</u>

Other Supplemental Information
Statement of Changes in Assets and Liabilities
Agency Funds

Year Ended June 30, 2018

	Trust and Agency			Balance at June 30, 2018
	Balance at July 1, 2017	Additions	Deductions	
Assets				
Cash and cash equivalents	\$ 23,268	\$ 237,393,743	\$(237,416,889)	\$ 122
Investments - Investments, uncategorized	8,614,285	87,751,776	(89,595,070)	6,770,991
Total assets	<u>\$ 8,637,553</u>	<u>\$ 325,145,519</u>	<u>\$(327,011,959)</u>	<u>\$ 6,771,113</u>
Liabilities				
Accounts payable	\$ 604,203	\$ 3,609,309	\$ (3,866,785)	\$ 346,727
Due to other governmental units	230,064	66,586	(95,492)	201,158
Refundable deposits	7,803,286	147,975,158	(149,555,216)	6,223,228
Total liabilities	<u>\$ 8,637,553</u>	<u>\$ 151,651,053</u>	<u>\$(153,517,493)</u>	<u>\$ 6,771,113</u>

Other Supplemental Information
Statement of Net Position and Balance Sheet
Component Unit - Economic Development Corporation

June 30, 2018

	Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 11,907	\$ -	\$ 11,907
Other assets	35,000	-	35,000
Total assets	\$ 46,907	-	46,907
Liabilities			
	\$ -	-	-
Fund Balance			
Restricted for noncurrent asset	35,000	(35,000)	-
Unassigned	11,907	(11,907)	-
Total fund balance	46,907	(46,907)	-
Total liabilities and fund balance	\$ 46,907		
Net Position - Unrestricted		\$ 46,907	\$ 46,907

City of Novi, Michigan

Other Supplemental Information
Statement of Activities and Revenue, Expenditures, and Changes in Fund
Balance
Component Unit - Economic Development Corporation

Year Ended June 30, 2018

	Modified Accrual Basis	Statement of Activities
Revenue - Interest income	\$ 6	\$ 6
Expenditures	-	-
Net Change in Fund Balance/Net Position	6	6
Fund Balances/Net Position - Beginning of year	46,901	46,901
Fund Balances/Net Position - End of year	<u>\$ 46,907</u>	<u>\$ 46,907</u>

Statistical Section

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

The statistical section is organized into the following main categories:

Financial trends – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue capacity – These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt capacity – These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and economic information – These schedules help the reader understand the environment within which the government's financial activities take place.

Operating information – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Novi, Michigan

	As of June 30,			
	2009	2010	2011	2012
Governmental Activities:				
Net investment in capital assets	\$ 95,693,089	\$ 98,921,906	\$ 101,958,721	\$ 106,988,589
Restricted	43,593,310	45,653,695	42,916,961	41,427,834
Unrestricted	9,610,719	8,329,201	12,295,232	10,690,782
Total net position	\$ 148,897,118	\$ 152,904,802	\$ 157,170,914	\$ 159,107,205
Business Type Activities:				
Net investment in capital assets	\$ 123,683,939	\$ 122,111,095	\$ 120,045,947	\$ 117,789,163
Restricted	8,680,849	8,429,638	8,175,188	7,494,295
Unrestricted	39,788,349	42,387,922	45,978,922	49,270,297
Total net position	\$ 172,153,137	\$ 172,928,655	\$ 174,200,057	\$ 174,553,755
Primary government in total:				
Net investment in capital assets	\$ 219,377,028	\$ 221,033,001	\$ 222,004,668	\$ 224,777,752
Restricted	52,274,159	54,083,333	51,092,149	48,922,129
Unrestricted	49,399,068	50,717,123	58,274,154	59,961,079
Total net position	\$ 321,050,255	\$ 325,833,457	\$ 331,370,971	\$ 333,660,960

Source: City's annual financial statements

Net Position by Component

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
2013	2014	2015	2016	2017	2018
\$ 111,718,349	\$ 113,868,196	\$ 118,345,243	\$ 126,474,197	\$ 138,682,792	\$ 143,347,891
37,289,012	35,240,527	38,576,210	37,216,395	31,767,695	33,060,671
<u>10,826,405</u>	<u>(14,622,520)</u>	<u>(15,525,832)</u>	<u>(15,805,367)</u>	<u>(20,402,611)</u>	<u>(26,055,697)</u>
<u>\$ 159,833,766</u>	<u>\$ 134,486,203</u>	<u>\$ 141,395,621</u>	<u>\$ 147,885,225</u>	<u>\$ 150,047,876</u>	<u>\$ 150,352,865</u>
\$ 117,914,884	\$ 116,089,327	\$ 122,420,958	\$ 123,718,769	\$ 125,665,962	\$ 126,934,551
7,001,295	1,136,154	-	-	-	-
<u>48,625,422</u>	<u>58,721,199</u>	<u>58,968,795</u>	<u>62,575,016</u>	<u>66,158,721</u>	<u>70,232,964</u>
<u>\$ 173,541,601</u>	<u>\$ 175,946,680</u>	<u>\$ 181,389,753</u>	<u>\$ 186,293,785</u>	<u>\$ 191,824,683</u>	<u>\$ 197,167,515</u>
\$ 229,633,233	\$ 229,957,523	\$ 240,766,201	\$ 250,192,966	\$ 264,348,754	\$ 270,282,442
44,290,307	32,593,320	38,576,210	37,216,395	31,767,695	33,060,671
<u>59,451,827</u>	<u>44,098,679</u>	<u>43,442,963</u>	<u>46,769,649</u>	<u>45,756,110</u>	<u>44,177,267</u>
<u>\$ 333,375,367</u>	<u>\$ 306,649,522</u>	<u>\$ 322,785,374</u>	<u>\$ 334,179,010</u>	<u>\$ 341,872,559</u>	<u>\$ 347,520,380</u>

City of Novi, Michigan

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Expenses:				
General government	\$ 6,857,555	\$ 6,404,820	\$ 6,315,571	\$ 6,610,466
Public safety	19,619,207	18,735,448	18,331,488	16,793,073
Public services	10,898,774	9,831,873	11,548,677	10,729,285
Community & economic development	1,277,239	1,317,373	1,241,411	2,617,585
Recreation and culture	5,389,349	7,719,230	5,151,212	5,595,861
Interest on long-term debt	2,343,833	1,780,848	1,759,340	1,453,161
Total governmental activities	<u>46,385,957</u>	<u>45,789,592</u>	<u>44,347,699</u>	<u>43,799,431</u>
Program revenues:				
Charges for services				
Public safety	1,486,140	1,780,059	2,438,917	3,181,849
Recreation and culture	1,132,512	1,210,039	1,300,084	1,422,483
Other activities	309,179	208,442	611,929	548,787
Total charges for services	<u>2,927,831</u>	<u>3,198,540</u>	<u>4,350,930</u>	<u>5,153,119</u>
Operating grants and contributions	3,915,138	3,391,897	3,620,833	3,511,329
Capital grants and contributions	1,882,357	1,070,050	2,176,263	804,764
Total program revenue	<u>8,725,326</u>	<u>7,660,487</u>	<u>10,148,026</u>	<u>9,469,212</u>
Net Expense	(37,660,631)	(38,129,105)	(34,199,673)	(34,330,219)
General revenues:				
Property taxes	37,776,272	37,137,888	32,550,375	30,183,881
State-shared revenues	3,425,882	3,046,979	3,725,690	3,990,693
Unrestricted interest earnings	2,375,074	593,064	626,449	881,869
Unrealized gain on cash equivalents	-	-	-	-
Unrestricted cable television franchise fees	422,430	535,804	601,350	722,065
Miscellaneous	1,369,730	823,054	961,921	466,110
Total general revenues	<u>45,369,388</u>	<u>42,136,789</u>	<u>38,465,785</u>	<u>36,244,618</u>
Transfers	-	-	-	21,892
Implementation of GASB Statement No. 68	-	-	-	-
Implementation of GASB Statement No. 75	-	-	-	-
Change in net position	<u>\$ 7,708,757</u>	<u>\$ 4,007,684</u>	<u>\$ 4,266,112</u>	<u>\$ 1,936,291</u>

Source: City's annual financial statements

Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2018

Fiscal Year Ended June 30,					
2013	2014	2015	2016	2017	2018
\$ 6,943,746	\$ 6,378,078	\$ 6,073,981	\$ 7,260,647	\$ 5,064,097	\$ 7,822,056
16,191,890	17,216,678	17,649,289	18,811,184	22,712,180	21,046,372
11,741,414	12,455,654	11,305,231	12,136,916	15,781,996	18,638,195
2,699,301	3,072,448	3,065,875	3,954,669	3,565,698	4,060,811
5,730,397	6,100,940	6,004,747	5,666,367	5,697,673	6,236,403
<u>1,059,437</u>	<u>963,702</u>	<u>839,175</u>	<u>777,562</u>	<u>399,077</u>	<u>367,467</u>
<u>44,366,185</u>	<u>46,187,500</u>	<u>44,938,298</u>	<u>48,607,345</u>	<u>53,220,721</u>	<u>58,171,304</u>
3,186,862	1,198,711	1,026,876	1,017,405	986,285	438,432
1,655,335	1,592,012	1,622,497	2,176,230	1,688,012	1,644,806
<u>709,560</u>	<u>2,547,217</u>	<u>3,524,521</u>	<u>3,706,651</u>	<u>4,964,178</u>	<u>5,244,540</u>
<u>5,551,757</u>	<u>5,337,940</u>	<u>6,173,894</u>	<u>6,900,286</u>	<u>7,638,475</u>	<u>7,327,778</u>
3,897,155	4,525,924	5,289,006	5,663,304	5,663,346	6,662,970
<u>1,197,870</u>	<u>651,597</u>	<u>777,202</u>	<u>847,547</u>	<u>1,561,439</u>	<u>1,846,192</u>
<u>10,646,782</u>	<u>10,515,461</u>	<u>12,240,102</u>	<u>13,411,137</u>	<u>14,863,260</u>	<u>15,836,940</u>
(33,719,403)	(35,672,039)	(32,698,196)	(35,196,208)	(38,357,461)	(42,334,364)
29,620,564	30,059,401	31,673,469	32,932,970	33,087,219	36,658,748
4,074,589	4,170,809	4,696,805	4,963,301	4,651,780	5,173,080
(770,389)	977,005	666,771	1,828,195	219,207	733,912
-	459,611	1,465,406	627,210	-	-
991,272	801,256	1,105,163	1,334,136	1,304,367	1,288,833
<u>529,928</u>	<u>216,711</u>	<u>-</u>	<u>-</u>	<u>1,017,539</u>	<u>1,195,623</u>
<u>34,445,964</u>	<u>36,684,793</u>	<u>39,607,614</u>	<u>41,685,812</u>	<u>40,280,112</u>	<u>45,050,196</u>
-	-	-	-	240,000	-
-	(26,360,317)	-	-	-	-
-	-	-	-	-	(2,410,843)
<u>\$ 726,561</u>	<u>\$ (25,347,563)</u>	<u>\$ 6,909,418</u>	<u>\$ 6,489,604</u>	<u>\$ 2,162,651</u>	<u>\$ 304,989</u>

City of Novi, Michigan

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Expenses				
Water and sewer	\$ 18,216,338	\$ 18,043,772	\$ 20,419,330	\$ 23,771,121
Ice Arena	1,755,459	1,669,542	1,704,596	1,710,615
Senior Housing	1,736,707	1,575,178	1,577,697	1,541,251
Total expenses	<u>21,708,504</u>	<u>21,288,492</u>	<u>23,701,623</u>	<u>27,022,987</u>
Program Revenue				
Charges for services				
Water and sewer	16,460,328	16,359,420	18,494,973	20,627,062
Ice Arena	2,020,838	2,067,836	2,078,643	2,003,689
Senior Housing	1,801,742	1,804,069	1,903,346	1,944,912
Total charges for services	<u>20,282,908</u>	<u>20,231,325</u>	<u>22,476,962</u>	<u>24,575,663</u>
Capital grants and contributions	<u>3,087,188</u>	<u>1,443,974</u>	<u>2,002,749</u>	<u>2,172,991</u>
Total Program Revenue	<u>23,370,096</u>	<u>21,675,299</u>	<u>24,479,711</u>	<u>26,748,654</u>
Net Revenue (Expense)	1,661,592	386,807	778,088	(274,333)
General Revenue				
Unrestricted interest earnings (expense)	167,462	388,711	493,314	649,923
Miscellaneous	-	-	-	-
Total general revenue (expense)	<u>167,462</u>	<u>388,711</u>	<u>493,314</u>	<u>649,923</u>
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,892)</u>
Implementation of GASB Statement No. 68	-	-	-	-
Implementation of GASB Statement No. 75	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>1,829,054</u>	<u>775,518</u>	<u>1,271,402</u>	<u>353,698</u>

Source: City's annual financial statements

Changes in Business Type Net Position

Last Ten Fiscal Years

June 30, 2018

Fiscal Year Ended June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 24,025,098	\$ 23,001,139	\$ 24,413,229	\$ 27,282,209	\$ 25,569,364	\$ 26,211,694
1,919,478	1,771,615	2,107,211	1,735,010	1,657,727	1,597,966
<u>1,537,409</u>	<u>1,548,478</u>	<u>1,556,956</u>	<u>1,898,830</u>	<u>1,393,543</u>	<u>1,358,521</u>
<u>27,481,985</u>	<u>26,321,232</u>	<u>28,077,396</u>	<u>30,916,049</u>	<u>28,620,634</u>	<u>29,168,181</u>
22,398,469	21,663,401	21,474,451	24,666,297	24,184,714	23,997,466
2,104,536	2,143,962	2,171,061	2,202,031	2,132,426	1,957,549
<u>1,968,900</u>	<u>1,992,761</u>	<u>2,004,464</u>	<u>2,020,797</u>	<u>2,037,187</u>	<u>2,050,896</u>
<u>26,471,905</u>	<u>25,800,124</u>	<u>25,649,976</u>	<u>28,889,125</u>	<u>28,354,327</u>	<u>28,005,911</u>
<u>3,383,087</u>	<u>2,905,677</u>	<u>6,764,583</u>	<u>5,337,278</u>	<u>5,718,715</u>	<u>5,747,324</u>
<u>29,854,992</u>	<u>28,705,801</u>	<u>32,414,559</u>	<u>34,226,403</u>	<u>34,073,042</u>	<u>33,753,235</u>
2,373,007	2,384,569	4,337,163	3,310,354	5,452,408	4,585,054
(885,154)	622,902	1,104,990	1,593,678	318,490	828,498
-	495,955	920	-	-	-
<u>(885,154)</u>	<u>1,118,857</u>	<u>1,105,910</u>	<u>1,593,678</u>	<u>318,490</u>	<u>828,498</u>
-	-	-	-	(240,000)	-
-	(1,098,347)	-	-	-	-
-	-	-	-	-	<u>(70,720)</u>
<u>1,487,853</u>	<u>2,405,079</u>	<u>5,443,073</u>	<u>4,904,032</u>	<u>5,530,898</u>	<u>5,342,832</u>

City of Novi, Michigan

	As of June 30,			
	2009	2010	2011	2012
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	10,314,220	9,710,403	-	-
Nonspendable - Prepays	-	-	1,640	-
Restricted				
PEG access support fees	-	-	103,988	252,758
Public Safety	-	-	-	-
Community	-	-	-	-
Assigned - Subsequent year's budget	-	-	4,192,010	1,185,395
Unassigned	-	-	7,119,437	8,126,447
Total general fund	<u>10,314,220</u>	<u>9,710,403</u>	<u>11,417,075</u>	<u>9,564,600</u>
All other governmental funds:				
Reserved	20,841,560	9,892,542	-	-
Unreserved, reported in:				
Special revenue funds	25,412,275	27,549,651	-	-
Capital project funds	-	-	-	-
Debt service funds	1,531,730	1,747,094	-	-
Nonspendable - Prepays	-	-	-	2,500
Restricted:				
Contributions and donations	-	-	1,609,650	1,710,351
Roads	-	-	5,263,318	6,168,785
Cash and investments restricted for special assessments	-	-	5,077,212	4,577,626
Storm water systems	-	-	10,430,045	10,194,378
Parks, recreation, and cultural services	-	-	-	-
Debt service	-	-	1,240,366	307,771
Library	-	-	3,257,122	4,011,112
Tree replacement and maintenance	-	-	1,248,144	1,519,721
Law enforcement programs	-	-	438,121	617,763
Public safety	-	-	3,273,244	4,975,211
Street improvement	-	-	-	-
Street lighting improvements	-	-	-	-
PEG access support fees	-	-	-	-
Infrastructure improvements	-	-	3,098,874	3,750,110
Assigned:				
Subsequent year's budget	-	-	3,066,993	-
Infrastructure improvements	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>47,785,565</u>	<u>39,189,287</u>	<u>38,003,089</u>	<u>37,835,328</u>
Total	<u>\$ 58,099,785</u>	<u>\$ 48,899,690</u>	<u>\$ 49,420,164</u>	<u>\$ 47,399,928</u>

Source: City's annual financial statements

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
5,000	13,915	16,111	164,628	486,817	229,382
179,147	272,654	-	-	-	-
-	-	27,894	22,958	21,907	20,418
-	-	2,282	2,282	2,282	2,282
661,639	-	981,736	1,884,723	1,408,718	1,033,033
<u>7,965,778</u>	<u>9,203,448</u>	<u>11,329,627</u>	<u>11,670,611</u>	<u>10,986,117</u>	<u>10,533,951</u>
<u>8,811,564</u>	<u>9,490,017</u>	<u>12,357,650</u>	<u>13,745,202</u>	<u>12,905,841</u>	<u>11,819,066</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
160,337	-	-	-	-	-
-	-	200	-	18,951	740
1,792,758	1,827,893	-	-	-	-
5,975,031	5,439,981	10,864,942	10,085,054	8,364,659	9,709,389
4,474,222	90,030	-	-	-	-
10,174,456	11,629,249	11,203,541	10,485,591	8,960,751	6,959,355
1,283,200	895,244	1,718,166	1,631,244	1,274,687	1,056,365
-	212,251	667,085	880,019	341,141	252,483
2,113,292	1,845,976	3,349,028	3,426,921	3,519,458	3,611,238
1,485,961	1,578,060	2,494,798	3,716,664	3,842,447	3,688,820
341,404	436,312	-	-	-	-
3,711,468	2,754,278	2,306,217	1,717,291	774,976	499,295
-	4,747,892	-	-	-	-
-	-	94,218	99,000	46,920	51,960
-	-	407,457	369,662	642,634	788,168
3,721,329	3,783,361	3,806,154	3,911,835	3,928,606	6,095,082
-	-	-	-	-	-
-	-	-	2,100,000	2,493	-
-	-	(15,848)	(33,932)	(1,487)	275,737
<u>35,233,458</u>	<u>35,240,527</u>	<u>36,895,958</u>	<u>38,389,349</u>	<u>31,716,236</u>	<u>32,988,632</u>
<u>\$ 44,045,022</u>	<u>\$ 44,730,544</u>	<u>\$ 49,253,608</u>	<u>\$ 52,134,551</u>	<u>\$ 44,622,077</u>	<u>\$ 44,807,698</u>

City of Novi, Michigan

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Revenue				
Taxes	\$ 37,776,272	\$ 37,137,888	\$ 32,550,376	\$ 30,183,881
Licenses, permits, and charges for services	1,825,491	1,981,548	2,900,982	3,749,548
Federal grants	483,550	346,722	488,948	132,764
State sources	7,032,331	5,926,318	6,621,830	7,294,974
Special assessments collected	1,438,220	1,523,589	1,351,415	1,459,685
Fines and forfeitures	1,262,933	1,019,185	828,789	839,107
Interest income (expense)	3,147,972	1,278,007	1,218,637	1,383,389
Unrealized gain (loss) on investments	-	-	-	-
Recreational programs	967,156	1,064,430	1,090,881	1,221,521
Gifts and donations	49,226	110,815	38,662	95,322
Other revenue	1,601,451	989,212	1,935,916	878,923
Total revenue	55,584,602	51,377,714	49,026,436	47,239,114
Expenditures				
Current:				
City Council	8,965	9,242	9,213	16,012
City manager	420,710	411,411	363,513	399,594
Finance department	906,598	812,468	815,502	780,995
Information technology	621,582	685,954	710,859	628,167
Assessing	881,136	841,391	727,995	776,554
City attorney	390,220	347,976	457,054	431,011
City clerk	636,981	565,152	520,796	496,005
Treasury	295,127	295,806	274,364	284,894
Facility Operations	1,669,302	1,154,049	889,803	754,658
Human Resources	-	-	418,994	394,009
Neighborhood and business relations group	717,049	685,791	646,080	787,153
General administration	1,728,883	1,598,772	1,380,374	1,738,906
Public safety - Police department	11,840,227	11,464,834	11,481,373	11,225,698
Public safety - Fire department	6,351,188	4,813,234	4,730,832	4,540,765
Community development - Building division	2,012,522	1,438,146	1,343,440	1,383,833
Community development - Planning division	615,171	625,365	617,048	519,896
Department of public services	1,177,144	2,254,978	2,416,375	2,419,815
Engineering	476,489	-	-	-
Planning Commission	9,909	3,366	6,168	699
Construction	7,629,512	14,589,987	2,272,800	4,983,542
Street maintenance	3,125,742	2,366,408	2,780,785	1,992,964
Drain maintenance	610,898	635,237	580,337	713,607
Recreational programs	2,039,331	1,942,282	1,795,604	2,233,255
Forestry and park maintenance	912,323	200,962	63,478	41,539
Library programs	2,531,152	2,578,916	2,704,689	2,636,714
Economic Development	184,026	317,621	360,327	82,438
Capital outlay	2,847,879	503,397	544,706	674,518
Debt service principal	7,075,000	7,325,001	7,685,000	6,855,000
Debt service interest and other	2,368,662	1,955,810	1,818,453	1,489,001
Advance refunding escrow	-	109,181	-	-
Total expenditures	60,083,728	60,532,737	48,415,962	49,281,242
Excess of Revenue Over Expenditures	(4,499,126)	(9,155,023)	610,474	(2,042,128)
Other Financing Sources (Uses)				
Refunding bonds issued	-	4,895,000	-	-
Payment to refunded bond escrow agent	-	(5,030,072)	-	-
Transfers in	7,638,046	6,097,096	10,289,946	5,118,792
Transfers out	(7,638,046)	(6,097,096)	(10,289,946)	(5,096,900)
Total other financing sources (uses)	-	(135,072)	-	21,892
Net change in fund balances	(4,499,126)	(9,290,095)	610,474	(2,020,236)
Fund Balances - Beginning of year	62,598,911	58,099,785	48,809,690	49,420,164
Fund Balances - End of year	\$ 58,099,785	\$ 48,809,690	\$ 49,420,164	\$ 47,399,928
Debt service as a percentage of noncapital expenditures	15.7%	15.3%	22.8%	21.8%

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2018

Fiscal Year Ended June 30,

2013	2014	2015	2016	2017	2018
\$ 29,620,564	\$ 30,059,401	\$ 31,673,469	\$ 32,932,970	\$ 33,087,219	\$ 36,658,748
4,190,121	3,848,403	3,521,819	4,542,923	4,005,981	3,466,502
284,254	148,755	209,247	218,425	317,203	381,449
7,685,394	8,114,209	8,442,213	9,435,462	9,553,621	11,199,070
1,574,637	1,678,070	1,878,475	1,604,014	25,336	49,598
856,128	1,054,660	639,474	757,403	661,549	677,681
(60,470)	985,526	657,786	1,470,887	1,029,297	1,224,495
-	506,264	155,435	391,211	(809,352)	(489,845)
1,431,391	1,360,141	-	1,441,691	1,421,613	1,543,852
159,548	42,406	332,799	157,434	9,507	83,119
919,882	1,360,540	5,212,877	3,407,902	4,328,043	4,680,816
<u>46,661,449</u>	<u>49,158,375</u>	<u>52,723,594</u>	<u>56,360,322</u>	<u>53,630,017</u>	<u>59,475,485</u>
10,051	10,911	42,436	44,292	47,834	59,258
423,711	399,885	508,805	605,833	601,402	633,358
711,615	649,156	856,709	906,575	860,661	962,018
693,974	864,178	774,627	1,058,956	1,094,249	995,548
892,586	800,480	717,972	680,102	727,634	796,566
384,736	375,926	707,655	736,524	634,805	681,227
528,894	491,137	709,602	725,047	829,982	707,748
313,156	285,976	320,633	314,398	329,479	346,965
1,087,948	919,912	1,131,978	1,172,435	1,786,574	2,155,715
408,611	423,452	422,818	414,577	394,393	487,489
960,416	846,432	943,332	1,260,956	958,328	756,466
2,104,447	1,596,080	2,419,173	2,395,339	3,749,428	3,486,735
11,376,197	11,746,975	11,809,219	11,954,737	15,583,586	13,686,649
4,548,565	5,110,195	4,742,808	4,979,561	5,761,346	5,791,591
1,449,296	1,554,167	1,597,622	2,088,270	1,926,104	2,040,944
489,065	586,948	513,832	736,558	530,385	590,816
2,693,588	2,960,570	173,913	255,647	746,075	6,852,777
-	-	-	-	-	-
6,744	-	-	-	-	-
4,015,306	3,652,031	5,947,254	8,075,475	10,330,582	7,826,415
2,592,208	3,616,794	3,601,702	3,760,085	5,160,645	1,875,569
409,935	426,799	-	-	-	-
2,254,135	2,345,313	2,377,159	3,772,846	3,765,974	3,752,479
-	-	-	-	-	-
2,712,163	2,843,791	2,815,266	2,779,842	2,768,005	2,928,428
135,451	-	-	-	-	529,753
2,170,216	1,555,065	727,121	-	-	-
5,205,000	3,450,000	3,505,000	4,051,000	2,340,000	920,000
1,103,341	960,680	833,894	818,163	455,020	425,350
-	-	-	-	-	-
<u>49,681,355</u>	<u>48,472,853</u>	<u>48,200,530</u>	<u>53,587,218</u>	<u>61,382,491</u>	<u>59,289,864</u>
(3,019,906)	685,522	4,523,064	2,773,104	(7,752,474)	185,621
4,165,000	-	-	9,995,301	-	-
(4,500,000)	-	-	(9,887,462)	-	-
8,263,793	13,758,461	13,615,847	13,834,940	7,561,984	5,551,500
<u>(8,263,793)</u>	<u>(13,758,461)</u>	<u>(13,615,847)</u>	<u>(13,834,940)</u>	<u>(7,321,984)</u>	<u>(5,551,500)</u>
(335,000)	-	-	107,839	240,000	-
(3,354,906)	685,522	4,523,064	2,880,943	(7,512,474)	185,621
47,399,928	44,045,022	44,730,544	49,253,608	52,134,551	44,622,077
<u>\$ 44,045,022</u>	<u>\$ 44,730,544</u>	<u>\$ 49,253,608</u>	<u>\$ 52,134,551</u>	<u>\$ 44,622,077</u>	<u>\$ 44,807,698</u>

17.8%

14.1%

9.9%

9.1%

4.6%

2.8%

Taxable Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Taxable Value by Property Type												
Tax Year	Fiscal year	Real Property					IFT	Personal property	Total Taxable Value	Tax rate (mills)	State Equalized Value (SEV)	Taxable Value as a % of Actual
		Residential	Commercial	Industrial	Developmental							
2008	2009	2,238,676,260	875,710,130	257,605,110	-	-	210,456,740	3,582,448,240	10.5416	3,876,954,790	92	
2009	2010	2,118,748,880	934,816,000	268,208,590	-	-	233,170,160	3,554,943,630	10.5416	3,742,061,910	95	
2010	2011	1,862,673,780	900,544,230	220,883,480	-	-	220,466,950	3,204,568,440	10.5416	3,321,184,600	96	
2011	2012	1,781,997,870	923,404,500	53,530,570	-	-	220,678,540	2,979,611,480	10.5416	3,063,922,590	97	
2012	2013	1,809,105,200	846,638,040	44,245,120	-	-	220,345,290	2,920,333,650	10.2000	3,004,330,340	97	
2013	2014	1,892,836,510	815,093,230	40,453,090	-	-	223,698,750	2,972,081,580	10.2000	3,099,733,610	96	
2014	2015	1,984,120,840	822,896,230	38,788,580	-	-	225,066,560	3,070,872,210	10.2000	3,365,191,110	91	
2015	2016	2,087,604,500	840,859,240	37,269,450	-	-	239,836,740	3,205,569,930	10.2000	3,704,488,760	87	
2016	2017	2,169,188,620	878,201,150	38,362,030	-	-	237,292,830	3,323,044,630	9.9500	3,952,090,850	84	
2017	2018	2,267,135,430	898,845,980	37,866,980	-	-	246,268,600	3,450,116,990	10.5376	4,234,030,940	81	

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

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

City of Novi, Michigan

City of Novi

Fiscal Year	General	Municipal Street	Police and Fire	Parks and Recreation	Drain Revenue	CIP	Library	Debt Service	Total
2009	4.8287	0.7719	1.4282	0.3857	0.3590	-	0.7719	1.9962	10.5416
2010	4.9027	0.7719	1.4282	0.3857	0.1765	-	0.7719	2.1047	10.5416
2011	5.0182	0.7719	1.4282	0.3857	0.0885	-	0.7719	2.0772	10.5416
2012	5.0182	0.7719	1.4282	0.3857	0.2642	-	0.7719	1.9015	10.5416
2013	5.0182	0.7719	1.4282	0.3857	0.3435	-	0.7719	1.4806	10.2000
2014	5.0182	1.5000	1.4282	0.3857	0.1057	-	0.7719	0.9903	10.2000
2015	5.0182	1.5000	1.4282	0.3857	-	-	0.7719	1.0960	10.2000
2016	5.0056	1.4962	1.4246	0.3847	-	-	0.7699	1.1190	10.2000
2017	4.9925	1.4923	1.4208	0.3836	0.2120	-	0.7678	0.6810	9.9500
2018	4.9206	1.4708	1.4003	0.3780	0.2648	0.9856	0.7567	0.3608	10.5376

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

Source: City's finance department records

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Overlapping Government

Novi Schools		South Lyon Schools		Walled Lake Schools		Northville Schools	
Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead
9.9724	25.3332	8.5000	26.5000	6.5722	22.7900	3.9000	21.9000
10.3800	25.7332	8.5000	26.5000	6.4793	22.5000	4.0000	22.7200
11.4931	26.3632	10.5000	28.5000	6.7508	22.5000	4.5000	22.5000
11.3229	26.1930	10.8500	28.8000	6.8812	22.5000	5.5000	23.3800
12.3331	27.1010	10.8500	28.8500	7.0254	22.5600	5.3000	23.3000
12.3296	27.1010	10.7000	28.7000	7.4730	23.1445	5.3000	23.3000
12.1729	27.1010	10.8029	25.7310	7.6843	23.4872	4.8700	22.8700
12.0656	27.0722	10.5228	25.5294	7.2841	23.1180	4.7370	22.7937
12.0109	27.0560	9.6000	27.6000	7.0150	22.9279	5.2448	22.6248
11.2525	26.3118	9.0000	27.0000	6.9458	22.7592	4.6140	22.6140

City of Novi, Michigan

Direct and Overlapping Property Tax Rates (Continued)

Last Ten Fiscal Years

Overlapping Government

Fiscal Year	Oakland County	Oakland Community College	Schoolcraft Community College	Oakland Intermediate Schools	Wayne Intermediate Schools	State Education
2009	4.7461	1.5844	1.7967	3.3690	3.4643	6.0000
2010	4.7461	1.5844	1.7967	3.3690	3.4643	6.0000
2011	4.7461	1.5844	1.7967	3.3690	3.4643	6.0000
2012	4.7461	1.5844	1.7967	3.3690	3.4643	6.0000
2013	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2014	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2015	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2016	4.8450	1.5819	1.7967	3.3633	3.4643	6.0000
2017	4.7909	1.5707	1.7881	3.3398	3.4643	6.0000
2018	4.7849	1.5555	1.7766	3.3079	3.4643	6.0000

Principal Property Tax Payers

Current and Nine Years Ago

June 30, 2018

	Taxpayer	2017 Taxable Value	% of total	2017 Rank	2008 Taxable Value	2008 Rank
1	Novi Campus LLC - Fox Run	54,336,720	1.57%	1	48,439,800	3
2	Taubman	52,700,510	1.53%	2	68,641,260	1
3	Singh Development	42,456,960	1.23%	3	68,243,750	2
4	Haggerty Corridor Partners	40,826,280	1.18%	4	34,448,820	4
5	International Transmission Co	30,761,220	0.89%	5	19,150,950	10
6	Occidental Development Ltd.	28,237,170	0.82%	6	29,250,410	5
7	Detroit Edison	27,971,750	0.81%	7	20,391,880	9
8	TBON, LLC	27,263,800	0.79%	8	25,230,010	6
9	Providence Hospital	24,554,810	0.71%	9		
10	Harmon Becker	16,401,390	0.48%	10		
	HHT Devco LLC (Twelve Mile Crossing)				24,040,500	7
	Novi Town Center Investors				22,147,770	8
	Total		<u>10.01%</u>			

Note: The City obtained the nine years taxable value data from the CAFR for that year. Taxable value data for any taxpayers who were not among the top 10 during that year is not available.

Source: City Assessor's department records

Property Tax Levies and Collections

Last Ten Fiscal Years

June 30, 2018

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Total levy</u>	<u>Current collections (1)</u>
2008	2009	\$ 37,786,170	\$ 36,240,984
2009	2010	37,360,762	34,997,428
2010	2011	33,678,282	32,529,560
2011	2012	31,153,847	30,486,979
2012	2013	29,801,091	29,155,182
2013	2014	30,206,320	29,765,634
2014	2015	31,383,505	30,973,259
2015	2016	32,612,845	32,242,851
2016	2017	32,889,924	32,493,813
2017	2018	36,512,498	36,087,781

Note: Tax levy and collection information does not include Special Assessments.

Source: City's finance department records

City of Novi, Michigan

	As of June 30,			
	2009	2010	2011	2012
Governmental Activities:				
General obligation bonds (1)	\$ 42,455,000	\$ 36,335,747	\$ 30,086,456	\$ 24,667,165
Installment purchase agreements	-	-	-	-
Special assessment bonds	10,200,000	8,750,000	7,350,000	5,950,000
Total	52,655,000	45,085,747	37,436,456	30,617,165
Business Type Activities:				
General obligation bonds	19,089,656	18,197,543	17,334,016	16,425,488
Special assessment bonds	1,530,000	1,330,000	1,155,000	980,000
Installment loans	-	-	-	-
Revenue bonds	-	-	-	-
Total	20,619,656	19,527,543	18,489,016	17,405,488
Total debt of the government	\$ 73,274,656	\$ 64,613,290	\$ 55,925,472	\$ 48,022,653
Total Taxable Value	\$ 3,582,448,240	\$ 3,554,943,630	\$ 3,204,568,440	\$ 2,979,611,480
Ratio of total debt to taxable value	2.05%	1.82%	1.75%	1.61%
Total Population*	54,376	55,224	55,374	56,062
Total debt per capita	\$ 1,348	\$ 1,170	\$ 1,010	\$ 857

* Population estimate information obtained from the Southeast Michigan Council of Governments:
www.semcog.org

(1) Less deferred amount on refunding

Note: Personal income information is not available

Source: City's annual financial statements

Ratios of Outstanding Debt

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
2013	2014	2015	2016	2017	2018
\$ 20,947,874	\$ 19,020,000	\$ 16,905,000	\$ 15,185,301	\$ 12,717,271	\$ 11,669,241
-	-	-	-	-	-
4,165,000	2,750,000	1,360,000	-	-	-
25,112,874	21,770,000	18,265,000	15,185,301	12,717,271	11,669,241
15,461,961	15,295,000	14,150,000	13,030,000	11,685,000	10,330,000
805,000	630,000	455,000	300,000	150,000	-
-	-	-	-	-	-
-	-	-	-	-	-
16,266,961	15,925,000	14,605,000	13,330,000	11,835,000	10,330,000
\$ 41,379,835	\$ 37,695,000	\$ 32,870,000	\$ 28,515,301	\$ 24,552,271	\$ 21,999,241
\$ 2,920,333,650	\$ 2,972,081,580	\$ 3,070,872,210	\$ 3,205,569,930	\$ 3,323,044,630	\$ 3,450,116,990
1.42%	1.27%	1.07%	0.89%	0.74%	0.64%
59,395	60,290	60,593	59,324	59,211	61,192
\$ 697	\$ 625	\$ 542	\$ 481	\$ 415	\$ 360

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2018

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Tax supported bonds (UTGO)	Michigan Transportatio n Fund (MTF)	Other general obligation debt	Total	Taxable value	Debt as a percentage of taxable value	Population (2)	Debt per capita
2009	\$ 950,000	\$ 40,895,000	\$ 610,000	\$ -	\$ 42,455,000	\$ 3,582,448,240	1.19	54,376	\$ 781
2010 (1)	750,000	35,485,000	315,000	19,390,000	55,940,000	3,554,943,630	1.57	55,224	1,013
2011 (1)	550,000	29,715,000	-	18,430,000	48,695,000	3,204,568,440	1.52	55,374	879
2012	275,000	24,535,000	-	17,425,000	42,235,000	2,949,611,480	1.43	56,062	753
2013	-	21,055,000	-	16,365,000	37,420,000	2,920,333,650	1.28	59,395	630
2014	-	19,020,000	-	15,295,000	34,315,000	2,972,081,580	1.15	60,290	569
2015	-	16,905,000	-	14,150,000	31,055,000	3,070,872,210	1.01	60,593	513
2016	-	15,185,301	-	13,030,000	28,215,301	3,205,569,930	0.88	59,324	476
2017	-	12,717,271	-	11,835,000	24,552,271	3,323,044,630	0.74	59,211	415
2018	-	11,669,241	-	10,330,000	21,999,241	3,450,116,990	0.64	61,192	360

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements and the schedule of indebtedness.

(1) Other general bonded debt includes the Building Authority Bonds paid from the net revenue of the Ice Arena and Senior Housing Fund. Prior year other general bonded debt was not restated to include debt of business-type activities.

(2) Population estimate information obtained from the Southeast Michigan Council of Governments: www.semcog.org

Source: City's finance department records

City of Novi, Michigan

Direct and Overlapping Governmental Activities Debt

June 30, 2018

Governmental unit	Debt outstanding	Estimated % applicable (2)	Estimated share of overlapping debt
Novi School District	\$ 98,595,000	99.84	\$ 98,437,248
Northville School District	43,250,000	18.94	8,191,550
Walled Lake School District	111,970,000	13.49	15,104,753
South Lyon School District	159,380,000	4.13	6,582,394
Oakland County	340,795,795	6.30	21,470,135
Oakland Intermediate School District	44,695,000	5.33	2,382,244
Oakland Community College	-	5.13	-
Schoolcraft Community College	19,880,000	4.90	974,120
Total overlapping debt			153,142,444
Direct City debt (1)			11,669,241
Total direct and overlapping debt			\$ 164,811,685

(1) Amount does not include Special Assessment obligations and is net of deferred amount of refundings

(2) Percent obtained from Municipal Advisory Council of Michigan

Source: Various taxing authorities

City of Novi, Michigan

	As of June 30,			
	2009	2010	2011	2012
Calculation of debt limit:				
State equalized valuation (2)	\$ 3,876,954,790	\$ 3,742,061,910	\$ 3,321,184,600	\$ 3,063,922,590
Assessed value equivalent of Act 198 exemptions (1)	<u>8,423,350</u>	<u>8,414,300</u>	<u>8,389,050</u>	<u>8,960,650</u>
Debt limit (10% of SEV)	388,537,814	375,047,621	332,957,365	307,288,324
Calculation of debt subject to limit:				
Total debt	73,274,656	64,613,290	55,925,472	48,022,653
Less:				
Special assessment bonds	11,730,000	10,080,000	8,505,000	6,930,000
Michigan Transportation Fund bonds	610,000	315,000	-	-
Revenue bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
net debt subject to limit	<u>60,934,656</u>	<u>54,218,290</u>	<u>47,420,472</u>	<u>41,092,653</u>
Legal debt margin	<u>\$ 327,603,158</u>	<u>\$ 320,829,331</u>	<u>\$ 285,536,893</u>	<u>\$ 266,195,671</u>
Net debt subject to limit as % of debt limit	15.68%	14.46%	14.24%	13.37%

(1) Assessed value changes in prior years as a result of Michigan Tax Tribunal case.

(2) Debt limit is calculated based on prior tax year SEV

Source: City's finance department records

Act 279, Public Acts of Michigan, 1909, as amended, and the City Charter of the City, provide that the net indebtedness of the City shall not exceed 10% of all assessed real and personal property in the City, plus assessed value equivalent of Act 198 specific tax levies

Bonds which are not included in the computation of legal debt margin according to said Act 279 are:

- (a) Special Assessment Bonds;
- (b) Mortgage Bonds;
- (c) Michigan Transportation Fund Bonds and Notes;
- (d) Revenue Bonds;
- (e) Bonds issued, or contract or assessment obligations incurred, to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction;
- (f) Bonds issued, or contract or assessment obligations incurred, for water supply, sewerage, drainage or refuse disposal projects necessary to protect the public health by abating pollution;
- (g) Bonds issued, or contract or assessment obligations incurred, for the construction, improvement or replacement of a combined sewer overflow abatement facility; and
- (h) Bonds issued to pay premiums or establish self-insurance contracts in accordance with Act 34, Public Acts of Michigan, 2001, as amended.

Legal Debt Margin

Last Ten Fiscal Years

As of June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 3,004,330,340	\$ 3,099,733,610	\$ 3,365,191,110	\$ 3,704,488,760	\$ 3,952,090,850	\$ 4,234,030,940
<u>8,960,650</u>	<u>10,158,950</u>	<u>13,968,800</u>	<u>14,370,350</u>	<u>21,891,300</u>	<u>24,232,450</u>
301,329,099	310,989,256	337,915,991	371,885,911	397,398,215	425,826,339
41,379,835	37,695,000	32,870,000	28,515,301	24,552,271	21,999,241
4,970,000	3,380,000	1,815,000	300,000	150,000	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>36,409,835</u>	<u>34,315,000</u>	<u>31,055,000</u>	<u>28,215,301</u>	<u>24,402,271</u>	<u>21,999,241</u>
<u>\$ 264,919,264</u>	<u>\$ 276,674,256</u>	<u>\$ 306,860,991</u>	<u>\$ 343,670,610</u>	<u>\$ 372,995,944</u>	<u>\$ 403,827,098</u>
12.08%	11.03%	9.19%	7.59%	6.14%	5.17%

City of Novi, Michigan

Water and sewer revenue bonds

Debt service

Fiscal year	Gross revenues	Applicable expenses	Net revenues	Principal	Interest	Coverage
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013*	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2018	-	-	-	-	-	-
2018	-	-	-	-	-	-

* 2012 Special Assessment Limited Tax Bond was paid in full in the current year.

Source: City's annual financial statements

Pledged-Revenue Coverage

Last Ten Fiscal Years

Special assessment bonds				
Debt service				
Special Assessment Collections	Principal	Interest	Coverage	
\$ 2,480,991	\$ 1,665	\$ 574	1.11	
2,583,000	1,650	499	1	
2,660,803	1,575	425	1	
2,700,549	1,575	354	1	
2,503,020	1,625	140	1	
2,137,737	1,590	130	1	
2,277,115	1,565	83	1	
1,798,863	1,515	34	1	
286,913	150	3	2	
-	-	-	-	

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal year	Population	Personal income (in thousands)	Per Capita Personal Income	Unemployment rate
2009	54,376	*	*	5.9
2010	55,224	*	42,447	8.4
2011	55,374	*	42,666	10.9
2012	56,062	*	44,466	8.2
2013	59,395	*	44,390	9.4 **
2014	60,290	*	44,800	4.4
2015	60,593	*	44,805	3.6
2016	59,324	*	45,307	2.8
2017	59,211	*	*	1.9
2018	61,192	*	*	2.2

* Not available

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

** U.S. Bureau of Labor Statistics - Warren, Troy, Farmington Hills

Principal Employers

Current Year and Nine Years Ago

Employer	2018 Rank	2018 Employees	2009 Rank	2009 Employees
St. John Health/Providence Park Hospital	1	1200	1	1000
Harman	2	1100		
Novi Community Schools	3	949	2	807
Ryder System	4	600	4	548
Intier/Magna	5	600	3	650
ITC Holding, Inc.	6	531	6	400
Hanon	7	400		
Comau North America	8	350		
Suburban	9	300		
City of Novi	10	254		
Rock Financial Showplace			7	400
Ikon Office Solutions, Inc.			8	307
Macys			5	539
Paychex			9	300
Fox Run			10	300

Note - Employee totals do not include part-time employees

Sources: The City's Neighborhood and Business Relations Group

(1) Information for prior nine years is currently not available

Sources: The City's Neighborhood and Business Relations Group

Full-Time City Government Employees by Function/Program

Last Ten Fiscal Years

June 30, 2018

Function/ program:	As of June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City manager	3	3	3	3	3	3	3	3	3	3
Finance Department (1)	8	8	7	7	9	9	9	9	9	9
Information technology	5	5	5	5	5	5	5	6	7	7
Assessing	7	7	7	5	5	5	5	5	5	5
City clerk	6	6	5	5	5	5	5	5	5	5
Treasury	3	3	3	3	-	-	-	-	-	-
Facility Operations	2	4	2	1	2	2	2	3	3	3
Human Resources (3)	-	5	5	4	4	4	4	4	4	4
General administration	6	-	0	0	-	-	-	-	-	-
Department of Public Safety	-	128	118	111	111	113	115	115	118	123
Police department (4)	99	-	0	0	-	-	-	-	-	-
Fire department (4)	31	-	0	0	-	-	-	-	-	-
Building Department	-	-	0	0	-	-	-	-	-	-
Neighborhood services	-	-	0	0	-	-	-	-	-	-
Department of Public Services (5)	24	36	36	33	35	35	34	36	36	36
Engineering	6	-	0	0	-	-	-	-	-	-
Parks, Recreation, and Cultural Services	17	11	10	10	11	11	11	12	12	12
Water and Sewer	12	12	12	12	13	14	14	14	14	14
Library	20	20	20	18	20	20	20	17	16	16
Community Relations	4	3	3	3	4	4	3	6	6	6
Economic Development	-	-	0	0	-	-	-	-	-	1
Community Development (2)	31	21	19	18	21	21	21	21	21	21
Total	284	272	255	238	247	251	250	255	259	265

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

(2) Combined building and planning

(3) Employees included under General Administration in previous years

(4) Combined Police and Fire Departments

(5) Engineering staff combined with DPS

(6) Forestry and park maintenance staff combined with Department of Public Services

Source: City's finance department records

Function/ Program	As of June 30,			
	2009	2010	2011	2012
Election data:				
Registered voters	36,320	35,764	36,921	37,366
Voters at polls	19,684	2,887	14,535	3,633
Absentee ballots	8,455	2,212	4,575	2,386
Percent voting	77.48%	14.26%	51.76%	16.11%
Police:				
Part A crimes	2,018	1,868	1,679	1,841
Part B crimes	721	793	814	627
Injury accidents	264	216	272	288
Property damage	1,737	1,602	1,761	1,631
Moving traffic violations	11,184	11,635	10,167	9,381
Parking violations	N/A	512	285	288
Adult arrests	1,987	2,353	2,368	2,082
Juvenile arrests	229	201	213	166
OUIL arrests	369	363	415	335
False alarms	2,275	2,262	2,357	2,090
Fire:				
Fire incidents	1,015	134	92	120
Service incidents	567	2,006	1,311	1,249
Fire inspections conducted	3,049	2,341	2,920	3,557
Medical emergencies	2,766	2,957	3,299	3,169
Paid-on-call staff	68	68	66	68
Parks and recreation:				
Youth classes/clinics	715	1,154	1,238	1,544
Adult classes/clinics	213	439	458	414
Youth leagues	2,198	2,585	2,371	2,431
Adult leagues	2,394	2,750	4,024	4,120
Summer day camp	339	742	703	668
Lakeshore Park vehicle entry (5)	7,065	11,533	9,846	10,822
Lakeshore Park attendance (5)	17,663	28,833	24,615	27,055
Lakeshore Park picnic shelter rental	130	128	98	105
Senior citizens served (1)	78,978	78,432	68,517	76,462
Special event attendance	11,049	12,071	14,311	14,018
Civic Center Rentals	2,116	1,060	1,516	1,492
Civic Center Attendance	81,810	57,519	37,457	35,506
Novi Theaters - Cast (4)	214	206	181	198
Novi Theaters - Audience (4)	4,548	5,041	4,757	4,715
Library (2):				
Items circulated	628,724	556,582	759,021	803,552
Book collections	123,884	137,220	146,187	152,024
Audio/Video/CD collections	13,232	14,295	18,015	20,618
Periodical subscriptions	162	185	215	208
Requests of Information	154,735	171,324	220,427	210,960
Youth Summer Reading	1,491	1,061	1,261	1,338
Program participants	18,772	24,145	34,198	45,572
Visitors	280,560	262,826	371,274	378,571
Interlibrary loans	78,214	67,615	100,342	109,274
Water and Sewer - Customers:				
Customers:				
Residential	12,641	12,874	12,940	13,191
Commercial (6)	1,287	1,225	1,239	1,254
Water (in thousand gallons):				
Purchased from Detroit	2,182,409	2,041,594	2,166,712	2,459,402
Sold to residents	2,079,696	1,919,763	2,024,406	2,109,414
Rates:				
Minimum 7,000 gallons (3)	\$ 41.00	\$ 42.00	\$ -	\$ -
Fixed rate quarterly water charge	-	-	35.00	37.00
Additional usage per 1,000 gallons	3.95	4.06	3.31	3.44
Fixed rate quarterly sewer charge	-	-	5.00	5.00
Sewer (per thousand gallons of water usage)	2.51	2.67	2.90	4.00

(1) The total utilization no longer includes the phone calls and questions fielded by the Novi Senior Center. The June 30, 2008 total is a true reflection of those actually served at the center via programs and services. This tracking methodology will be used for all future years.

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

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

(4) Program eliminated in Fiscal Year 2016

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

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

Source: City's finance department records

Operating Indicators by Function/Program

Last Ten Fiscal Years

June 30, 2018

As of June 30,

2013	2014	2015	2016	2017	2018
38,757	39,248	39,341	38,706	39,706	40,661
20,484	4,719	14,341	3,423	20,160	4,126
8,765	2,599	5,029	2,588	9,937	4,141
75.00%	18.65%	49.24%	15.53%	75.80%	20.33%
2,048	1,736	1,654	1,508	1,596	1,454
626	673	622	638	577	1,128
310	276	295	300	273	339
1,695	1,153	1,037	1,084	1,174	1,413
10,058	8,487	8,216	7,916	5,904	5,427
199	185	75	231	392	755
2,241	2,355	2,574	2,428	1,965	2,101
137	142	98	98	100	119
342	268	164	217	145	186
2,270	2,538	2,164	2,094	2,074	1,885
112	120	113	124	78	95
1,360	1,345	457	642	502	543
3,063	2,919	3,108	2,898	2,944	2,322
3,383	3,425	3,811	3,784	4,064	4,175
55	54	39	71	63	67
1,620	1,149	1,584	1,475	1,577	1,790
340	462	1,244	549	3,268	2,750
2,512	2,471	2,199	2,934	3,403	2,724
5,220	5,279	5,300	3,868	3,630	4,373
N/A	334	498	747	691	864
13,000	15,462	14,391	14,995	14,320	10,285
32,500	38,655	35,978	37,488	37,217	25,713
116	125	120	231	150	166
77,759	75,832	79,172	77,687	66,845	65,395
17,021	20,028	16,840	18,153	26,026	27,670
1,520	1,560	1,058	1,203	916	1,074
17,021	44,200	33,988	23,023	21,731	22,156
253	293	86	-	-	-
5,454	4,997	1,705	-	-	-
800,031	799,475	734,643	793,991	833,558	812,025
151,724	152,236	149,941	140,895	141,129	141,638
23,507	25,677	27,776	29,077	29,737	30,642
210	242	207	207	218	203
N/A	115,392	115,392	113,778	117,235	116,219
2,042	2,340	2,584	2,084	2,362	2,465
34,899	40,010	40,901	46,854	56,026	60,246
389,220	401,984	392,047	404,979	424,401	488,778
109,330	106,250	105,588	112,016	115,222	111,236
13,604	13,760	13,946	14,105	14,220	14,411
1,223	1,204	1,259	1,264	1,239	928
2,321,313	2,216,075	1,835,567	2,276,389	2,349,960	2,298,596
2,222,787	2,138,305	1,811,910	1,963,221	2,231,717	2,159,537
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40.00	57.00	57.00	80.00	56.00	56.00
3.86	4.13	4.13	3.05	3.20	3.20
6.00	6.00	6.00	30.00	30.00	30.00
4.25	4.30	4.30	3.40	3.60	3.60

City of Novi, Michigan

Function/ program	As of June 30,			
	2009	2010	2011	2012
Police stations	1	1	1	1
Fire				
Fire stations	4	4	4	4
Public works:				
Miles of city streets:				
Major	40	39	39	39
Local	128	132	136	141
Estimated sidewalks in miles (1)	228	230	231	231
Bridges	4	4	4	4
Street lights	418	421	421	421
Parks and recreation:				
Acres	991	1,138	1,138	1,138
Locations	11	11	11	11
Library:				
Library branches	1	1	1	1
Water and sewer:				
Miles of water mains	306	306	306	306
Miles of sanitary sewers	243	243	245	245
Fire hydrants	4,003	4,003	4,002	4,002

Source: City's finance department records

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

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

June 30, 2018

As of June 30,						
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
1	1	1	1	1	1	1
4	4	4	4	4	4	4
39	39	39	44	44	44	44
141	144	146	143	144	144	147
232	256	261	272	275	275	293
4	4	10	10	10	10	10
421	504	689	691	680	689	689
1,150	1,260	1,288	1,276	1,277	1,277	1,329
12	13	15	17	17	17	21
1	1	1	1	1	1	1
306	328	333	336	341	341	359
245	252	255	268	271	271	285
4,002	4,192	4,211	4,181	4,267	4,267	4,344