

# **City of Novi, Michigan**

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## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2003**

**PREPARED BY THE FINANCE DEPARTMENT**

# City of Novi, Michigan

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# City of Novi, Michigan

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October 13, 2003

Honorable Mayor Richard J. Clark  
Members of the City Council  
Citizens of the City of Novi, Michigan

We are pleased to submit the Comprehensive Annual Financial Report of the City of Novi for the fiscal year ended June 30, 2003. 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. To the best of our knowledge and belief, the financial information is accurate in all material respects and is presented in a manner designed to present fairly the financial position of the City.

The Comprehensive Annual Financial Report is presented in three sections:

**Introductory Section** - The introductory section includes this letter of transmittal, the City's organizational chart, a list of principal officials, a fund organizational chart, and a reproduction of the City's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2002 from the Government Finance Officers Association of the United States and Canada.

**Financial Section** - The financial section includes the independent auditor's report on the basic financial statements, management's discussion and analysis, basic financial statements, and combining and individual fund statements and schedules for the City's nonmajor and fiduciary funds.

**Statistical Section** - The statistical section includes selected financial and demographic data depicting the City's historical trends and other significant information.

The City of Novi has implemented the new governmental financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, for the fiscal year ended June 30, 2003. In accordance with the new standards, accounting principles generally accepted in the United States of America (GAAP) require that 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.

Honorable Mayor Richard J. Clark  
Members of the City Council  
Citizens of the City of Novi, Michigan

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 recordkeeping and financial reporting of local units of government. The audit is also designed to meet the requirements of the Single Audit Act and related OMB Circular A-133. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and legal requirements involving the administration of federal awards. The independent auditor's report is presented as the first component of the financial section of this report. The auditor's report related specifically to the single audit is issued under separate cover.

### **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 City serves over 47,000 residents and encompasses an area of approximately 32 square miles. Novi is considered a choice community in which 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.

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 protection, public works, parks, recreational and forestry activities, 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 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 (that is, the level at which expenditures cannot exceed the appropriated amount) is established by function and category. It takes a five-vote majority to amend the budget.

Honorable Mayor Richard J. Clark  
Members of the City Council  
Citizens of the City of Novi, Michigan

## **Factors Affecting Financial Condition**

**Local Economy** - Novi's local economy remains strong as a result of sustained residential and commercial development experienced over the past 10 years. Tax base continues to grow annually in Novi at a rate of approximately 8 percent. The diverse tax mix of residential, manufacturing, office, service, and technology and retail-recreational centers reduces Novi's impact of adverse economic cycles and provides a stable environment for new investment. The slowdown in the economy did have an impact on the State of Michigan's revenue-sharing program, which distributes sales tax collected to local units of government. Novi's revenue-sharing decreased by \$229,704, or 5 percent, from the prior year. Overall for the year, however, total General Fund revenue came in higher than projected, exceeding total expenditures by \$404,788.

**Long-term Financial Planning** - The dependency on sales tax collections in Michigan as the sole source for the State revenue-sharing pool injects a degree of instability within this revenue source during periods of economic downturn. On average, State revenue-sharing for cities range from a low of 5.7 percent of General Fund revenues to a high of 45.2 percent, with an average of 21.9 percent. Novi's percentage is slightly below the average at 18.6 percent of total General Fund revenue. To mitigate the impact of further State budget cuts within this revenue source, Novi maintains a minimum of 14 per cent of annual General Fund expenditures in Rainy Day Funds. In addition, Novi's fiscal year 2003-2004 budget set aside a further contingency for an additional 2.5 percent reduction in State-shared revenues over and above the 3 percent reduction recommended in Governor Granholm's fiscal year 2003-2004 State budget.

**Cash Management Policies and Practices** - The City complies with Public Act 20 of 1943 and Public Act 367 (as amended) of the State of Michigan in its cash management activities. Idle cash in all funds is invested in certificates of deposit, governmental obligations, bankers' acceptances, bank pooled accounts, and commercial paper. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. In the State of Michigan, municipalities are not required to insure all bank deposits; however, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories. The City has an investment policy in accordance with the above statements.

**Risk Management** - Effective July 1, 2003, the City terminated its participation in the Michigan Municipal League general liability and property insurance program and is now insured through the Municipal Insurance Alliance. The City of Novi still continues to participate in the Michigan Municipal League Workers' Compensation Fund, which is a group self-insured program, which provides workers' disability compensation benefits to injured employees of fund members. The fund is comprised of public employers of the State of Michigan which are authorized and approved under Section 611(2) of the Workers' Disability Compensation Act, PA 317 of 1969, as amended, to enter into agreements to pool their liabilities under the Act for the purpose of qualifying as self-insurers. Additional information on the City of Novi's risk management activity can be found in Note 9 of the notes to the financial statements.

Honorable Mayor Richard J. Clark  
Members of the City Council  
Citizens of the City of Novi, Michigan

**Pension and Other Postemployment Benefits** - The City participates in the Michigan Municipal Employees' Retirement System (MMERS), an agent multiple-employer defined benefit pension plan that covers all full-time employees of the City. The City's annual required contribution is calculated as a percentage of payroll each year by an independent actuary engaged by MMERS. As a matter of policy, the City of Novi fully funds each year's annual required contribution to the pension plan.

The City of Novi also provides retiree health care benefits to qualifying full-time employees upon retirement, in accordance with labor contracts. Currently, 31 retirees are eligible. Expenditures for retiree health care benefits are recognized as the insurance premiums become due for individuals retired before June 30, 1994. For individuals retiring after June 30, 1994, payments for premiums are recorded in the Retiree Health Care Benefits Expendable Trust Fund. Employer contributions are made annually to this fund and charged as expenditures to individual departmental budgets based on a percentage of wages.

**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 accounting firm of Plante & Moran, PLLC, who made substantial contributions by way of interpretation of recent guidelines and document review. Appreciation is also expressed to the mayor and City Council members and Richard Helwig, City manager, for their leadership and support in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Marina Neumaier  
Assistant Finance Director



Kathy A. Smith-Roy  
Finance Director



# 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, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

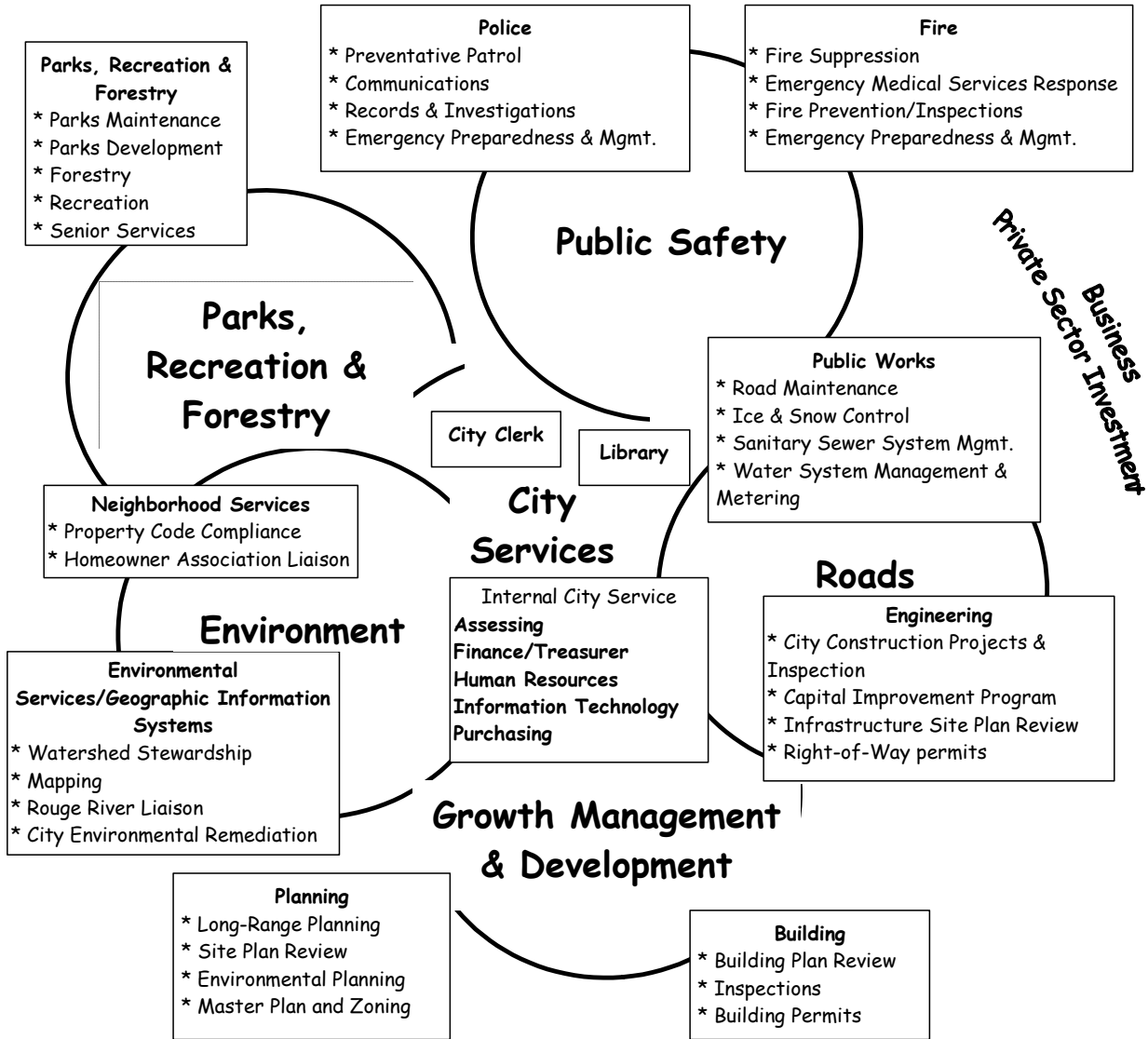


**Citizens**

**Mayor and City Council/**

**Office of the City Manager**

**Volunteer Boards and Commissions**



**Federal, State, County Government**

**Schools**

**Homeowner and Neighborhood Associations**

**Civic Associations**

Feb. 2003

# City of Novi Organizational Chart

# City of Novi, Michigan

## List of Principal Officials June 30, 2003

Title	Name
City Manager	Richard B. Helwig
Chief Operating Officer	Craig M. Klaver
Assistant City Manager	Clay J. Pearson
Assessor	David G. Lemmon
Deputy Assessor	Kenneth J. Cheyne
City Clerk	Maryanne Cornelius
Deputy City Clerk	Nancy A. Reutter
Director of Human Resources	Tia M. Gronlund-Fox
Community Relations Manager	Sheryl L. Walsh
Director of Public Works	William A. McCuster
GIS/Environmental Services Manager	David S. Maurice
City Engineer	Nancy M. McClain
Construction Engineer	Haim Schlick
Building Official	Donald M. Saven
City Forester	Steve C. Printz
Deputy Building Official	Terrance D. Morrone
Fire Chief	Arthur R. Lenaghan
Assistant Fire Chief	Jeffery R. Johnson
Finance Director/Treasurer	Kathy A. Smith-Roy
Assistant Finance Director	Marina Neumaier
Senior Financial Manager	Jeffrey D. Hall
Assistant City Treasurer	Beverly A. Valente
Budget Analyst	Stephanie J. Sharpe
Purchasing Official	Carol Kalinovik
Parks, Recreation and Forestry Director	Randall A. Auler
Deputy Parks, Recreation and Forestry Director	Jack Lewis
Parks Superintendent	Matthew Wiktorowski
Police Chief	Douglas F. Shaeffer
Deputy Police Chief	Robert A. Rasmussen
Library Director	Brenda J. Evans
Neighborhood Services Coordinator	Cynthia M. Uglow
Planning Director	David A. Evancoe

# City of Novi, Michigan

## Fund Organization Chart

### Governmental Funds

Fund Name	Special Revenue Funds
General Fund	
Debt Service Funds	
1991 Voted Street	Major Street
1997 Voted Street	Local Street
2000 Voted Street	Municipal Street
Park Debt Service	Parks, Recreation, and Forestry
2002 Michigan Transportation Fund Refunding Debt	Police and Fire
2002 Street and Refunding Debt	Library
Act 175 1995	Drain Revenue
1997 Fire Debt	Drain Perpetual Maintenance
1993 Refunding Debt	Judgment Trust
1999 Police Debt	Contributions and Donations
Special Assessments	Special Assessment Revolving
	Capital Projects
	1997 Voted Street Construction
	2000 Voted Street Construction
	Capital Improvement
	1999 Police Building Construction
	1997 Fire Capital Improvement

### Proprietary Fund - Enterprise Funds

Water and Sewer	Ice Arena
Senior Housing	

### Fiduciary Funds

Pension and Other Employee Benefit Trust Fund	Agency
Retiree Health Care Benefits	Agency

### Component Unit

Economic Development Corporation
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## Independent Auditor's Report

To the City Council  
City of Novi, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information including the discretely presented component unit of the City of Novi, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Novi's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information, including the discretely presented component unit of the City of Novi, as of June 30, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules (identified in the table of contents) are not a required part of the basic financial statements but are supplemental information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A member of



A worldwide association of independent accounting firms

To the City Council  
City of Novi, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Novi's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The combining balance sheets and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, budgetary comparison schedules, combining statement of changes in Agency Fund assets and liabilities, schedules of capital assets used in the operation of governmental funds, and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As described in Note 15, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2003 on our consideration of the City of Novi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

October 7, 2003

The City of Novi's discussion and analysis is a narrative overview of the City's financial activities for the fiscal year ended June 30, 2003. The information presented here should be read in conjunction with our letter of transmittal and 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, 2003 by \$97,039,362.
- Investment in capital assets (net of depreciation and related debt) accounts for over half of this amount, with a value of \$54,427,110.
- Of the remaining net assets, \$4,402,108 may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- Net assets related to the City's governmental activities increased by \$22,595,211, or 30 percent, during fiscal year 2002-2003. Most of this change is attributed to the recognition of \$16,467,660 in special assessment revenue recorded in the statement of activities during fiscal year 2002-2003.
- As of June 30, 2003, the City of Novi's governmental funds reported combined ending fund balances of \$45,447,203. Unreserved fund balance of the General Fund totaled \$4,391,282 at June 30, 2003. Unreserved fund balance represents the amount of financial resources available for future spending or appropriation.
- Total direct debt at June 30, 2003 was \$116,350,835.

### Overview of the Financial Statements

This discussion and analysis provides an introduction and overview to Novi'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 of Novi's finances in a manner similar to a private-sector business, distinguishing functions of Novi that are principally supported by taxes and intergovernmental revenues (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").

# City of Novi, Michigan

## Management's Discussion and Analysis (Continued)

**Statement of Net Assets** - The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. 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 assets 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.

**Statement of Activities** - The statement of activities presents information showing how the City's net assets 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 each program relies on taxes for funding. All changes in net assets are reported using the accrual basis of accounting, which requires that revenues are reported when they are earned and expenses are 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 No. 14, *The Financial Reporting Entity*, 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.

**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, like other state and local governments, establish funds for compliance with finance-related legal requirements. All of the funds of the City of Novi 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 maintains 28 individual governmental funds. The governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances present separate columns of financial data for the General Fund, Municipal Street Fund, and the 2000 Voted Street Construction Fund. These funds are considered major funds as of June 30, 2003. 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.



# City of Novi, Michigan

## Management's Discussion and Analysis (Continued)

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. Such 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 revenues, expenditures, and changes in fund balances provide a reconciliation to the governmental activities column in the government-wide statements, facilitating this comparison.

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

**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 propriety fund statement of net assets to the business-type column on the government-wide statement of net assets, the total net assets agree, and therefore need no reconciliation. In comparing the total assets and total liabilities between the same two statements, you will notice slightly different amounts. This is because the internal balances line on the government-wide statement combines the "due from other funds" (asset) and the "due to other funds" (liabilities) from the proprietary fund statement in a single line in the asset section of the government-wide statement.

The proprietary fund financial statements provide separate information for the Water and Sewer Fund, 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 statement because the resources of those funds are not available to support the City of Novi's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

# City of Novi, Michigan

## Management's Discussion and Analysis (Continued)

**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 supplementary information concerning budgetary comparisons of the General Fund and Municipal Street Fund. The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

### Government-wide Financial Analysis

**Statement of Net Assets** - As noted earlier, changes in net assets may serve as a useful indicator of a government's financial position. The City of Novi's assets exceeded total liabilities by \$229,874,111 at the close of June 30, 2003. The following table shows, in a condensed format, the net assets as of June 30, 2003. Since this is the initial period the City of Novi is reporting on a government-wide basis, there is no previous year comparable data available. Comparable data will be provided in the June 30, 2004 Comprehensive Annual Financial Report.

#### City of Novi's Net Assets

	Governmental Activities	Business-type Activities	Total
Current assets	\$ 66,165,471	\$ 38,163,525	\$ 104,328,996
Noncurrent assets:			
Restricted assets	1,572,501	6,258,807	7,831,308
Capital assets	111,213,409	132,329,170	243,542,579
Total assets	178,951,381	176,751,502	355,702,883
Current liabilities	10,363,079	4,711,753	15,074,832
Long-term liabilities	71,548,940	39,205,000	110,753,940
Total liabilities	81,912,019	43,916,753	125,828,772
Net assets:			
Invested in capital assets - Net of related debt	54,427,110	91,549,170	145,976,280
Restricted	38,210,144	6,258,807	44,468,951
Unrestricted	4,402,108	35,026,772	39,428,880
Total net assets	<u>\$ 97,039,362</u>	<u>\$ 132,834,749</u>	<u>\$ 229,874,111</u>

# City of Novi, Michigan

## Management's Discussion and Analysis (Continued)

Over 56 percent of the City's net assets reflect its investment in capital, 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 assets represent resources that are subject to external restrictions on how they may be used. Unrestricted net assets of \$4,402,108 represent the amount that may be used to meet the City's ongoing obligations.

**Changes in Net Assets** - The City's total net assets increased by \$26,309,125 during fiscal year 2002-2003. Governmental activities increased net assets by \$22,595,211, or 86 percent of the total growth in net assets of the City of Novi. Most of this change is attributable to the recognition of \$16,467,660 in special assessment revenue recorded in the statement of activities. Key elements of this increase are shown in the following table. As noted earlier, there is no previous year comparable data available for the government-wide statements. Comparable data will be provided in the June 30, 2004 Comprehensive Annual Financial Report.

### City of Novi Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 4,230,882	\$ 14,860,491	\$ 19,091,373
Operating grants and contributions	4,010,155	-	4,010,155
Capital grants and contributions	19,582,814	5,610,131	25,192,945
General revenue:			
Property taxes	26,579,364	-	26,579,364
State-shared revenue	4,204,949	-	4,204,949
Unrestricted investment earnings	1,276,430	1,161,275	2,437,705
Franchise fees	255,455	-	255,455
Other	503,981	-	503,981
Total revenue	60,644,030	21,631,897	82,275,927

# City of Novi, Michigan

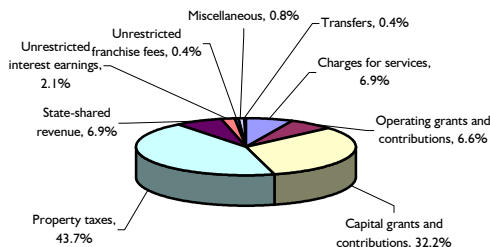
## Management's Discussion and Analysis (Continued)

### City of Novi Changes in Net Assets (Continued)

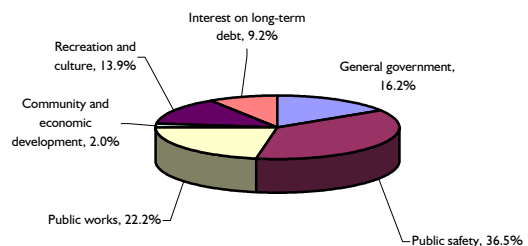
	Governmental Activities	Business-type Activities	Total
<b>Program Expenses</b>			
General government	\$ 6,210,935	\$ -	\$ 6,210,935
Public safety	13,978,661	-	13,978,661
Public works	8,509,856	-	8,509,856
Community and economic development	746,891	-	746,891
Recreation and culture	5,329,303	-	5,329,303
Interest on long-term debt	3,513,817	-	3,513,817
Water and sewer	-	14,162,739	14,162,739
Ice arena	-	1,687,774	1,687,774
Senior housing	-	1,826,826	1,826,826
<b>Total program expenses</b>	<b>38,289,463</b>	<b>17,677,339</b>	<b>55,966,802</b>
<b>Increase in Net Assets - Before transfers</b>	<b>22,354,567</b>	<b>3,954,558</b>	<b>26,309,125</b>
<b>Transfers</b>	<b>240,644</b>	<b>(240,644)</b>	<b>-</b>
<b>Increase in Net Assets</b>	<b>22,595,211</b>	<b>3,713,914</b>	<b>26,309,125</b>
<b>Net Assets - Beginning of year</b>	<b>74,444,151</b>	<b>129,120,835</b>	<b>203,564,986</b>
<b>Net Assets - End of year</b>	<b>\$ 97,039,362</b>	<b>\$ 132,834,749</b>	<b>\$ 229,874,111</b>

**Governmental Activities** - Program revenues, which include user fees and charges and restricted operating and capital grants and contributions, represent 45.7 percent of total governmental revenue sources. Program revenues reduce the net cost of the governmental functions to be financed from the City's general revenues, which are comprised primarily of property taxes and State revenue-sharing.

**Revenues by Source - Governmental Activities**



**Expenses by Activity - Governmental Activities**

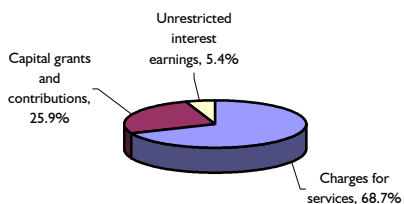


# City of Novi, Michigan

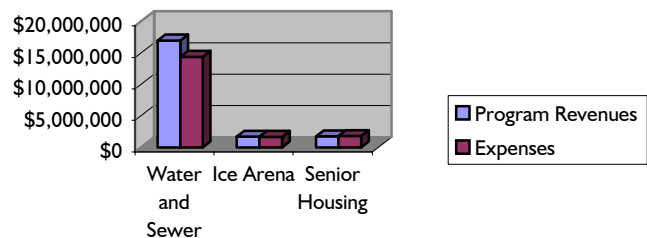
## Management's Discussion and Analysis (Continued)

**Business-type Activities** - Business-type activities increased the City of Novi's net assets by \$3,713,914. The Water and Sewer Fund accounts for the majority of this increase and represents water and sewer lines contributed by developers and system-connection related fees.

**Revenues by Source - Business-Type Activities**



**Expenses and Program Revenues - Business-Type Activities**



### Financial Analysis of the City's Funds

**Governmental Funds** - The City has 28 governmental funds, categorized into four fund types. Each fund type has a unique purpose. Three funds are classified as major funds for the purposes of this report, based on criteria set forth by the *Governmental Accounting Standards Board*. Those funds are the General Fund, the Municipal Street Fund, and the 2000 Voted Street Construction Fund.

As of June 30, 2003, the governmental funds of the City of Novi reported a combined fund balance of \$45,447,203, an increase of \$2,270,929 in comparison with the prior year. Of this amount, \$4,391,282 represents undesignated fund balance of the General Fund, which may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.

**Proprietary Funds** - The City of Novi's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer Fund were \$34,811,741 as of June 30, 2003. The Ice Arena has an accumulated deficit of \$209,237. This deficit will be eliminated in future years by holding down costs, increasing user fees to equal competitive market rates, and additional revenue from a cellular tower agreement with Sprint, entered into by the City in fiscal year 2000-2001.

# City of Novi, Michigan

## Management's Discussion and Analysis (Continued)

### General Fund Budgetary Highlights

Revenue outperformed budget expectations by \$434,783 for the fiscal year ended June 30, 2003. City departments overall stayed below budget, resulting in total expenditures below budget by \$795,645. Differences between the original budget and the final amended budget were minimal. Significant budget changes included reductions for State-shared revenue and investment earnings. Public safety expenditures were increased to reflect increases in police overtime costs.

### Capital Asset and Debt Administration

**Capital Assets** - The City of Novi's investment in capital assets, including construction in progress, for its governmental and business-type activities as of June 30, 2003, amounts to \$243,542,579 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment and library books, infrastructure, and construction in progress. This reflects an increase in net capital assets of \$3,307,209 during the year.

#### City of Novi Capital Assets (Net of depreciation)

	Governmental Activities		Business-type Activities		Total Activities	
	2003	2002	2003	2002	2003	2002
Land	\$ 21,733,901	\$ 24,474,344	\$ 2,034,701	\$ 2,034,701	\$ 23,768,602	\$ 26,509,045
Buildings and improvements	15,102,780	13,453,911	20,560,106	21,123,713	35,662,886	34,577,624
Machinery and equipment and library books	3,768,621	4,631,018	765,398	875,943	4,534,019	5,506,961
Infrastructure	70,608,107	66,188,962	96,617,660	96,761,989	167,225,767	162,950,951
Construction in progress	-	-	12,351,305	10,690,789	12,351,305	10,690,789
Total	<u>\$ 111,213,409</u>	<u>\$ 108,748,235</u>	<u>\$ 132,329,170</u>	<u>\$ 131,487,135</u>	<u>\$ 243,542,579</u>	<u>\$ 240,235,370</u>

Additional information on City of Novi's capital assets can be found in Note 6 of this report.

**Long-term Debt** - The City issued \$24,720,000 in general obligation bonds for the purpose of refunding bonds issued for paving purposes, the remaining Parkland Bonds, and the 1997 Fire Debt issues, as well as the second series of 2000 Voted Street Bonds in the amount of \$8,395,000. This refunding reduced total debt service payments over the next 15 years by \$847,669, which represents an economic gain of \$700,527.

# City of Novi, Michigan

## Management's Discussion and Analysis (Continued)

The following table is a comparison of the summary information for years ended June 30, 2003 and 2002:

### City of Novi Outstanding Debt

	Governmental Activities		Business-type Activities		Total Activities	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 55,595,000	\$ 51,325,000	\$ -	\$ -	\$ 55,595,000	\$ 51,325,000
Michigan transportation fund bonds	2,280,000	2,425,000	-	-	2,280,000	2,425,000
Special assessment debt with government commitment	17,590,000	18,650,000	-	200,000	17,590,000	18,850,000
County contractual obligations	8,835	110,834	3,825,000	4,485,000	3,833,835	4,595,834
Installment purchase agreements	97,000	126,000	-	7,346	97,000	133,346
Revenue bonds	-	-	14,105,000	14,535,000	14,105,000	14,535,000
Building authority bonds	-	-	22,850,000	23,250,000	22,850,000	23,250,000
<b>Total</b>	<b>\$ 75,570,835</b>	<b>\$ 72,636,834</b>	<b>\$ 40,780,000</b>	<b>\$ 42,477,346</b>	<b>\$ 116,350,835</b>	<b>\$ 115,114,180</b>

Additional information on the City's long-term debt can be found in Note 8 of this report.

### Economic Factors and Next Year's Budgets and Rates

The budget plan, as approved in the fiscal year 2003-2004 budget, continues the practice of maintaining a minimum of 14 percent of annual General Fund expenditures in Rainy Day Funds. In addition, a further contingency for an additional 2.5 percent reduction in State-shared revenues over and above the 3 percent reduction recommended in Governor Granholm's proposed State budget was included in the budget plan.

The 2003 approved millage rate continues to remain at 10.5416 mills. This rate is less than the average millage rate (10.6) for the last seven years and among the lowest municipal millages in Oakland County. Unreserved fund balance in the General Fund is \$5,288,136; of this amount, \$896,854 has been designated for subsequent year's expenditures.

### Requests for Information

This financial report is designed to provide a general overview of the City of Novi'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 W. Ten Mile Road, Novi, MI 48375.

# City of Novi, Michigan

## Statement of Net Assets June 30, 2003

	Primary Government			Component Unit - Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 42,896,028	\$ 36,237,811	\$ 79,133,839	\$ 29,402
Accounts receivable:				
Other governmental units	1,926,330	-	1,926,330	-
Water and sewer billings	-	2,228,852	2,228,852	-
Taxes	698,168	-	698,168	-
Special assessments	19,773,867	-	19,773,867	-
Other	108,575	349,407	457,982	35,000
Internal balances (Note 4)	762,503	(762,503)	-	-
Prepaid and other assets	-	6,000	6,000	-
Inventory	-	103,958	103,958	-
Restricted assets (Note 5)	1,572,501	6,258,807	7,831,308	-
Capital assets (Note 6):				
Depreciable	89,479,508	117,943,164	207,422,672	-
Nondepreciable	21,733,901	14,386,006	36,119,907	-
Total assets	178,951,381	176,751,502	355,702,883	64,402
<b>Liabilities</b>				
Accounts payable	1,851,062	2,099,848	3,950,910	-
Accrued and other liabilities	1,628,500	807,309	2,435,809	-
Deferred revenue (Note 7)	74,072	6,644	80,716	-
Receipts refundable	-	159,152	159,152	-
Noncurrent liabilities:				
Bonds payable, due within one year (Note 8)	4,764,835	1,575,000	6,339,835	-
Bonds payable, due in more than one year (Note 8)	70,806,000	39,205,000	110,011,000	-
Employee compensated absences, due within one year	1,452,430	63,800	1,516,230	-
Employee compensated absences, due in more than one year	742,940	-	742,940	-
Claims and judgments due within one year (Note 9)	592,180	-	592,180	-
Total liabilities	81,912,019	43,916,753	125,828,772	-
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	54,427,110	91,549,170	145,976,280	-
Restricted:				
Streets and highways	8,486,704	-	8,486,704	-
Drains	8,383,693	-	8,383,693	-
Debt service	958,761	1,475,000	2,433,761	-
Special assessments	18,765,557	4,783,807	23,549,364	-
Police and fire	764,969	-	764,969	-
Parks and recreation	365,971	-	365,971	-
Library	368,819	-	368,819	-
Donations (Note 5)	110,760	-	110,760	-
Construction code fee (Note 10)	4,910	-	4,910	-
Unrestricted	4,402,108	35,026,772	39,428,880	64,402
Total net assets	<u>\$ 97,039,362</u>	<u>\$ 132,834,749</u>	<u>\$ 229,874,111</u>	<u>\$ 64,402</u>



# City of Novi, Michigan

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 6,210,935	\$ 59,922	\$ 770,552	\$ -
Public safety	13,978,661	2,553,985	111,476	-
Public works	8,509,856	218,859	3,057,520	19,405,642
Community and economic development	746,891	288,152	-	-
Recreation and culture	5,329,303	1,109,964	70,607	177,172
Interest on long-term debt	3,513,817	-	-	-
Total governmental activities	<u>38,289,463</u>	<u>4,230,882</u>	<u>4,010,155</u>	<u>19,582,814</u>
Business-type activities:				
Water and sewer	14,162,739	11,378,563	-	5,610,131
Ice arena	1,687,774	1,711,457	-	-
Senior housing	1,826,826	1,770,471	-	-
Total business-type activities	<u>17,677,339</u>	<u>14,860,491</u>	<u>-</u>	<u>5,610,131</u>
Total primary government	<u><b>\$ 55,966,802</b></u>	<u><b>\$ 19,091,373</b></u>	<u><b>\$ 4,010,155</b></u>	<u><b>\$ 25,192,945</b></u>
Component unit - Economic Development Corporation	<u><b>\$ 300</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>
General revenues:				
Property taxes				
State-shared revenue				
Unrestricted interest earnings				
Unrestricted franchise fees				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities**  
**Year Ended June 30, 2003**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit - Economic Development Corporation
\$ (5,380,461)	\$ -	\$ (5,380,461)	\$ -
(11,313,200)	-	(11,313,200)	-
14,172,165	-	14,172,165	-
(458,739)	-	(458,739)	-
(3,971,560)	-	(3,971,560)	-
(3,513,817)	-	(3,513,817)	-
(10,465,612)	-	(10,465,612)	-
-	2,825,955	2,825,955	-
-	23,683	23,683	-
-	(56,355)	(56,355)	-
-	2,793,283	2,793,283	-
(10,465,612)	2,793,283	(7,672,329)	-
-	-	-	(300)
26,579,364	-	26,579,364	-
4,204,949	-	4,204,949	-
1,276,430	1,161,275	2,437,705	424
255,455	-	255,455	-
503,981	-	503,981	-
240,644	(240,644)	-	-
33,060,823	920,631	33,981,454	424
22,595,211	3,713,914	26,309,125	124
74,444,151	129,120,835	203,564,986	64,278
<b>\$ 97,039,362</b>	<b>\$ 132,834,749</b>	<b>\$ 229,874,111</b>	<b>\$ 64,402</b>

# City of Novi, Michigan

## Governmental Funds Balance Sheet June 30, 2003

	General	Municipal Street	2000 Voted Street Construction	Other Non- major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments (Note 3)	\$ 3,594,113	\$ 2,899,804	\$ 16,048,800	\$ 20,353,311	\$ 42,896,028
Accounts receivable:					
Other governmental units	1,309,499	70,511	-	546,320	1,926,330
Taxes	303,458	46,476	-	348,234	698,168
Special assessments	-	17,724,340	-	1,041,217	18,765,557
Other	99,105	-	-	9,470	108,575
Due from other funds (Note 4)	762,503	-	-	-	762,503
Restricted assets (Note 5)	-	1,461,741	-	110,760	1,572,501
<b>Total assets</b>	<b>\$ 6,068,678</b>	<b>\$ 22,202,872</b>	<b>\$ 16,048,800</b>	<b>\$ 22,409,312</b>	<b>\$ 66,729,662</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 391,204	\$ 128,024	\$ 253,168	\$ 1,078,666	\$ 1,851,062
Accrued and other liabilities	381,362	-	-	210,406	591,768
Deferred revenue (Note 7)	3,066	17,724,340	-	1,112,223	18,839,629
<b>Total liabilities</b>	<b>775,632</b>	<b>17,852,364</b>	<b>253,168</b>	<b>2,401,295</b>	<b>21,282,459</b>
<b>Fund Balances</b>					
Reserved for:					
Construction code fees (Note 10)	4,910	-	-	-	4,910
Restricted assets (Note 5)	-	1,461,741	-	110,760	1,572,501
Unreserved, reported in:					
General Fund	4,391,282	-	-	-	4,391,282
Special Revenue Funds	-	930,058	-	11,395,052	12,325,110
Debt Service Funds	-	-	-	848,761	848,761
Capital Projects Funds	-	-	8,081,075	1,276,663	9,357,738
Designations (Note 11)	896,854	1,958,709	7,714,557	6,376,781	16,946,901
<b>Total fund balances</b>	<b>5,293,046</b>	<b>4,350,508</b>	<b>15,795,632</b>	<b>20,008,017</b>	<b>45,447,203</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,068,678</b>	<b>\$ 22,202,872</b>	<b>\$ 16,048,800</b>	<b>\$ 22,409,312</b>	<b>\$ 66,729,662</b>

# City of Novi, Michigan

## Governmental Funds Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

**Total Fund Balances for Governmental Funds** \$ 45,447,203

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	111,213,409
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures (including \$1,008,310 of accrued interest on special assessments)	19,773,867
Bonds, obligations, and agreements are not due and payable in the current period and are not reported in the funds	(75,570,835)
Compensated absences are not due and payable in the current period and are not reported in the funds	(2,195,370)
Estimated general liability claims are not due and payable in the current period and are not reported in the funds	(592,180)
Interest related to long-term debt is not due and payable in the current period and is not reported in the funds	<u>(1,036,732)</u>

**Net Assets of Governmental Activities** **\$ 97,039,362**

# City of Novi, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2003

	General	Municipal Street	2000 Voted Street Construction	Other Non- major Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Taxes	\$ 11,402,622	\$ 1,942,104	\$ -	\$ 13,234,638	\$ 26,579,364
Licenses, permits, and charges for services	2,710,259	-	-	-	2,710,259
Federal grants	92,740	216,127	-	245,631	554,498
State sources	4,204,949	-	-	2,807,051	7,012,000
Special assessments collected	-	953,111	-	143,839	1,096,950
Fines and forfeitures	282,839	-	-	102,008	384,847
Interest income	392,168	1,309,003	183,459	619,120	2,503,750
Recreation programs	-	-	-	897,234	897,234
Gift (Fuerst Estate)	-	-	-	1,470	1,470
Other revenues	406,510	732,781	-	1,296,707	2,435,998
Total revenue	19,492,087	5,153,126	183,459	19,347,698	44,176,370
<b>Expenditures</b>					
Current services:					
City Council	4,659	-	-	-	4,659
City manager	507,418	-	-	-	507,418
Finance	522,386	-	-	-	522,386
Information technology	345,997	-	-	-	345,997
Assessing	546,446	-	-	-	546,446
City Attorney	428,163	-	-	-	428,163
City Clerk	472,592	-	-	-	472,592
Treasury	251,015	-	-	-	251,015
Buildings and grounds	657,638	-	-	-	657,638
Community relations	260,243	-	-	-	260,243
General administration	1,400,736	1,650	-	2,546	1,404,932
Police department	8,400,100	-	-	-	8,400,100
Fire department	3,269,965	-	-	-	3,269,965
Building department	1,447,435	-	-	-	1,447,435
Neighborhood services	311,996	-	-	-	311,996
Department of Public Works	736,403	-	-	-	736,403
Engineering	214,061	-	-	-	214,061
Planning Commission	4,093	-	-	-	4,093
Planning	736,773	-	-	-	736,773
Construction	-	6,026,395	2,265,962	3,062,461	11,354,818
Street maintenance	-	208,028	-	2,508,610	2,716,638
Recreational programs	-	-	-	1,671,287	1,671,287
Forestry and park maintenance	-	-	-	720,223	720,223
Library programs	-	-	-	2,063,764	2,063,764
Other	-	-	-	2,930,374	2,930,374
Capital outlay	-	-	-	696,526	696,526
Debt service	34,352	1,986,606	112,961	5,213,291	7,347,210
Total expenditures	20,552,471	8,222,679	2,378,923	18,869,082	50,023,155
<b>Excess of Revenue Over (Under) Expenditures</b>	(1,060,384)	(3,069,553)	(2,195,464)	478,616	(5,846,785)

# City of Novi, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Year Ended June 30, 2003

	General	Municipal Street	2000 Voted Street Construction	Other Non- major Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>					
Bond proceeds	\$ -	\$ -	\$ 8,395,000	\$ 22,260,000	\$ 30,655,000
Payment to escrow agent	-	-	-	(22,777,930)	(22,777,930)
Transfers in (Note 4)	3,055,607	-	1,992,742	4,084,490	9,132,839
Transfers out (Note 4)	<u>(1,590,435)</u>	<u>(1,462,800)</u>	<u>-</u>	<u>(5,838,960)</u>	<u>(8,892,195)</u>
Total other financing sources (uses)	<u>1,465,172</u>	<u>(1,462,800)</u>	<u>10,387,742</u>	<u>(2,272,400)</u>	<u>8,117,714</u>
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses</b>					
	404,788	(4,532,353)	8,192,278	(1,793,784)	2,270,929
<b>Fund Balances - Beginning of year - As restated (Note 15)</b>					
	<u>4,888,258</u>	<u>8,882,861</u>	<u>7,603,354</u>	<u>21,801,801</u>	<u>43,176,274</u>
<b>Fund Balances - End of year</b>					
	<u>\$ 5,293,046</u>	<u>\$ 4,350,508</u>	<u>\$ 15,795,632</u>	<u>\$ 20,008,017</u>	<u>\$ 45,447,203</u>

# City of Novi, Michigan

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## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2003

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,270,929</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	6,125,174
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	16,467,660
Proceeds of bonds are recorded as a revenue and repayment bond principal as an expenditure in the governmental funds, but not in the statement of activities (where these transactions are recorded as a liability and a reduction of a liability, respectively)	(2,934,001)
Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(422,610)
Decrease in estimated general liability is recorded when paid in the governmental funds	1,224,920
Interest accrued on long-term debt is an expenditure in the statement of activities, but not in the governmental funds	<u>(136,861)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 22,595,211</u></b>

# City of Novi, Michigan

## Proprietary Funds Statement of Net Assets (Deficit) June 30, 2003

	Water and Sewer	Ice Arena	Senior Housing	Total Enterprise Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 34,851,832	\$ 157,453	\$ 1,228,526	\$ 36,237,811
Accounts receivable:				
Water and sewer billing	2,228,852	-	-	2,228,852
Other	334,680	1,228	13,499	349,407
Prepaid expense	-	-	6,000	6,000
Inventory	103,958	-	-	103,958
Total current assets	37,519,322	158,681	1,248,025	38,926,028
Restricted assets (Note 5)	6,258,807	-	-	6,258,807
Capital assets (Note 6)	109,578,540	8,140,122	14,610,508	132,329,170
Total assets	153,356,669	8,298,803	15,858,533	177,514,005
<b>Liabilities</b>				
Current liabilities:				
Current portion of long-term liabilities (Note 8)	1,138,800	200,000	300,000	1,638,800
Accounts payable	2,079,114	20,734	-	2,099,848
Accrued and other liabilities	405,515	55,803	345,991	807,309
Due to other funds (Note 4)	-	762,503	-	762,503
Receipts refundable	159,152	-	-	159,152
Deferred revenue	-	-	6,644	6,644
Total current liabilities	3,782,581	1,039,040	652,635	5,474,256
Noncurrent liabilities - Long-term debt	16,855,000	7,550,000	14,800,000	39,205,000
Total liabilities	20,637,581	8,589,040	15,452,635	44,679,256
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	91,648,540	390,122	(489,492)	91,549,170
Restricted for:				
Bond reserve	1,475,000	-	-	1,475,000
Special assessment	4,783,807	-	-	4,783,807
Unrestricted (deficit)	34,811,741	(680,359)	895,390	35,026,772
Total net assets (deficit)	<u>\$ 132,719,088</u>	<u>\$ (290,237)</u>	<u>\$ 405,898</u>	<u>\$ 132,834,749</u>



# City of Novi, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets (Deficit) Year Ended June 30, 2003

	Water and Sewer	Ice Arena	Senior Housing	Total Enterprise Fund
<b>Operating Revenue</b>				
Water sales	\$ 5,950,264	\$ -	\$ -	\$ 5,950,264
Sewer service charges	4,709,216	-	-	4,709,216
Concession sales	-	125,473	-	125,473
Rentals and other charges for services	-	1,540,386	1,597,031	3,137,417
Penalties	93,096	-	-	93,096
Inspection fees	9,555	-	-	9,555
Installation charges	383,150	-	-	383,150
Miscellaneous revenue	233,282	45,598	173,440	452,320
Total operating revenue	11,378,563	1,711,457	1,770,471	14,860,491
<b>Operating Expenses</b>				
Cost of water	4,770,863	-	-	4,770,863
Cost of sewage disposal	4,012,681	-	-	4,012,681
Cost of goods sold	-	64,618	-	64,618
Salaries and fringe benefits	802,338	-	-	802,338
Contractual services	37,517	466,277	138,528	642,322
Management contract	-	85,992	39,900	125,892
Municipal service charges	150,000	-	-	150,000
Depreciation	2,573,966	254,637	356,228	3,184,831
Repairs and maintenance	197,918	67,756	186,262	451,936
Utilities	9,286	189,309	134,100	332,695
Insurance	56,984	40,808	73,836	171,628
Office supplies	14,695	700	8,467	23,862
Advertising	-	7,210	3,351	10,561
Professional services	138,188	2,396	-	140,584
Operating supplies	18,036	35,503	1,688	55,227
Installation expenses	424,128	-	-	424,128
Vehicle expenses	25,988	-	-	25,988
Education and training	4,270	3,948	-	8,218
Miscellaneous expenses	20,655	15,020	10,116	45,791
Total operating expenses	13,257,513	1,234,174	952,476	15,444,163
<b>Operating Income (Loss)</b>	(1,878,950)	477,283	817,995	(583,672)
<b>Nonoperating Income (Expense)</b>				
Interest earned	1,204,165	-	15,774	1,219,939
Interest expense	(905,226)	(453,600)	(874,350)	(2,233,176)
Total nonoperating income (expense)	298,939	(453,600)	(858,576)	(1,013,237)

# City of Novi, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets (Deficit) (Continued) Year Ended June 30, 2003

	Water and Sewer	Ice Arena	Senior Housing	Total Enterprise Fund
<b>Nonoperating Income (Loss) - Before</b> capital contributions and transfers	\$ (1,580,011)	\$ 23,683	\$ (40,581)	\$ (1,596,909)
<b>Capital Contributions</b>				
Donated water and sewer lines	2,162,523	-	-	2,162,523
Customer assessments	3,388,944	-	-	3,388,944
Total capital contributions	5,551,467	-	-	5,551,467
<b>Transfers Out</b>	(240,644)	-	-	(240,644)
<b>Change in Net Assets</b>	3,730,812	23,683	(40,581)	3,713,914
<b>Net Assets (Deficit) - Beginning of year</b>	128,988,276	(313,920)	446,479	129,120,835
<b>Net Assets (Deficit) - End of year</b>	<u>\$ 132,719,088</u>	<u>\$ (290,237)</u>	<u>\$ 405,898</u>	<u>\$ 132,834,749</u>

# City of Novi, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2003

	Water and Sewer	Ice Arena	Senior Housing	Total Enterprise Fund
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 11,162,426	\$ 1,685,711	\$ 1,792,453	\$ 14,640,590
Payments to suppliers	(9,964,055)	(950,372)	(1,182,813)	(12,097,240)
Payments to employees	(802,338)	-	-	(802,338)
Internal activity - Payments to other funds	-	15,847	-	15,847
Other receipts	233,282	45,598	173,440	452,320
Net cash provided by operating activities	629,315	796,784	783,080	2,209,179
<b>Cash Flows from Capital and Related Financing Activities</b>				
Collection of customer assessments (principal and interest)	3,693,330	-	-	3,693,330
Purchase of capital assets	(1,850,679)	(44,000)	-	(1,894,679)
Principal and interest paid on capital debt	(2,219,430)	(662,280)	(1,078,099)	(3,959,809)
Net cash used in capital and related financing activities	(376,779)	(706,280)	(1,078,099)	(2,161,158)
<b>Cash Flows from Non-Capital Financing Activities - Transfers to other funds</b>				
	(240,644)	-	-	(240,644)
<b>Cash Flows from Investing Activities - Interest received on investments</b>				
	1,145,500	-	15,774	1,161,274
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,157,392	90,504	(279,245)	968,651
<b>Cash and Cash Equivalents - Beginning of year</b>	39,549,918	66,949	1,507,771	41,124,638
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 40,707,310</u>	<u>\$ 157,453</u>	<u>\$ 1,228,526</u>	<u>\$ 42,093,289</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 34,851,832	\$ 157,453	\$ 1,228,526	\$ 36,237,811
Restricted investments (Note 3)	5,855,478	-	-	5,855,478
Total cash and cash equivalents	<u>\$ 40,707,310</u>	<u>\$ 157,453</u>	<u>\$ 1,228,526</u>	<u>\$ 42,093,289</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ (1,878,950)	\$ 477,283	\$ 817,995	\$ (583,672)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	2,573,966	254,637	356,228	3,184,831
Changes in assets and liabilities:				
Receivables	(38,515)	17,867	192,403	171,755
Inventory	(1,477)	-	-	(1,477)
Other assets	-	37,744	-	37,744
Accounts payable	(81,369)	(14,180)	(580,083)	(675,632)
Accrued and other liabilities	55,660	7,586	(3,463)	59,783
Internal activity	-	15,847	-	15,847
Net cash provided by operating activities	<u>\$ 629,315</u>	<u>\$ 796,784</u>	<u>\$ 783,080</u>	<u>\$ 2,209,179</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2003, developers constructed water and sewer lines with an estimated value of \$2,162,523 and donated them to the City. In addition, the City has funds on deposit with Oakland County for construction of water and sewer lines. During the year, \$30,336 was spent from these funds for construction.

# City of Novi, Michigan

## Fiduciary Funds Statement of Net Assets June 30, 2003

	Pension and Other Employee Benefits - Retiree Health Care Benefits	<u>Agency</u>
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 332	\$ 4,237,790
U.S. government securities	500,000	2,496,575
Bank investment pools	104,579	684,335
Mutual funds	768,605	-
Interlocal agreement investment pools	<u>1,497,485</u>	<u>1,947,333</u>
Total assets	2,871,001	<u><b>\$ 9,366,033</b></u>
<b>Liabilities</b>		
Due to builders and developers	-	\$ 9,341,034
Due to school and other governmental units	<u>-</u>	<u>24,999</u>
Total liabilities	<u>-</u>	<u><b>\$ 9,366,033</b></u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<u><b>\$ 2,871,001</b></u>	

# City of Novi, Michigan

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## Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2003

	Pension and Other Employee Benefits - Retiree Health Care Benefits
<b>Additions</b>	
Investment income - Net increase in fair value of investments	\$ 29,868
Contributions - Employer	<u>485,313</u>
Total additions	515,181
<b>Deductions</b>	
Administrative expenses	11,000
Insurance expenses	<u>136,876</u>
Total deductions	<u>147,876</u>
<b>Change in Net Assets</b>	367,305
<b>Net Assets - Beginning of year</b>	<u>2,503,696</u>
<b>Net Assets - End of year</b>	<u><u>\$ 2,871,001</u></u>

## **Note I - Summary of Significant Accounting Policies**

The accounting policies of the City of Novi (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Novi:

### **Reporting Entity**

The City is governed by an elected seven-member City Council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Novi and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

**Discretely Presented Component Unit** - The Economic Development Corporation of the City of Novi 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; therefore, the City has the ability to impose its will on the Corporation. The Corporation is reported within the component unit column in the combined financial statements. It is reported in a separate column to emphasize that it is legally separate from the City. A separate financial report for the Economic Development Corporation may be obtained from the finance department located at the City of Novi Civic Center, 45175 W. Ten Mile Road, Novi, MI 48375.

The City of Novi Building Authority is governed by a council that is appointed by the mayor. Although it is legally separate from the City, it is reported as if it were part of the primary government because its sole purpose is to finance the City's Ice Arena and Senior Housing project.

### **Government-wide and Fund Financial Statements**

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

## **Note I - Summary of Significant Accounting Policies (Continued)**

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

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

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to debt service, compensated absences, and claims and judgments are recorded only when payment is due.

## **Note I - Summary of Significant Accounting Policies (Continued)**

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

The City reports the following major governmental funds:

**General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Municipal Street Fund** - The Municipal Street Fund is used to enhance the Major and Local Street Funds. This fund receives its revenue pursuant to a special millage as designated by Charter for street and highway improvement purposes.

**2000 Voted Street Construction Fund** - The 2000 Voted Street Construction Fund accounts for major construction and road improvement activities financed through bond proceeds.

The City reports the following major proprietary funds:

**Water and Sewer Fund** - The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

**Ice Arena Fund** - The Ice Arena Fund accounts for the City's two-sheet arena.

**Senior Housing Fund** - The Senior Housing Fund accounts for the 175-unit senior housing project financed using the Building Authority approach.

Additionally, the City reports the following fiduciary fund types:

**Retiree Health Care Benefits Fund** - The Retiree Health Care Benefits Fund accounts for medical benefits provided to retirees.

**Agency Fund** - The Agency Fund accounts for assets held by the governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or funds.



## **Note I - Summary of Significant Accounting Policies (Continued)**

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services such as water and sewer distribution and collection, recreational services, and senior housing in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments** - Cash and investments include amounts in demand deposits, time deposits, U.S. governmental securities, interlocal agreements, bank investment pools, and mutual funds. Investments are reported at fair value, based on quoted market prices.

**Cash Equivalents** - For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and personal property tax receivables are shown as net of allowance for uncollectible amounts, if applicable. Properties are assessed as of December 31; the related property taxes are billed and become a lien on July 1 of the following year. These taxes are due without penalty during the period from July 1 through August 31 with the final collection date of February 28 before they are added to the county tax rolls. The County Tax Revolving Fund reimburses the City for the real property portion of these taxes and assumes collection responsibilities.

**Inventories and Prepaid Items** - Inventories are valued at cost on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - Certain proceeds of the City's Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond reserve" account is used to report resources set aside to protect against any potential future deficiencies in the revenue bond current debt service account.

In addition, specific assets held at Oakland County for various water and sewer system-related contracts are classified as restricted assets on the balance sheet because the City has turned over control of these assets to Oakland County based on specific contracts with them. The City has also classified as restricted assets those amounts due from special assessment contracts with property owners for water and sewer system and road construction and related debt payments due to the restricted nature of these funds once they are received.

**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 \$1,000 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 fair market value at the date of donation.

### Note I - Summary of Significant Accounting Policies (Continued)

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:

Roads, sidewalks, bridges, and non-motorized improvements	25 to 30 years
Drains	25 years
Water and sewer distribution systems	50 years
Buildings and building improvements	35 to 50 years
Machinery and equipment	4 to 10 years
Library books	10 years

**Compensated Absences** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred 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.

**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 assets (deficit). Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **Note 2 - Stewardship, Compliance, and Accountability**

The City adopts a formal budget on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All department heads submit spending requests to the City Manager so that a budget may be prepared. Before the third Monday in April, the proposed budget is submitted to the City Council for review. Public hearings are held, and a final budget is adopted no later than the third Monday in May. Adoption of the budget requires approval of five votes of the seven-member City Council. The City Council must approve any budget amendments.

During the current year, the budget was amended in a legally permissible manner. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the General and Municipal Street Funds is presented as required supplemental information. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the non-major funds is presented as other supplemental information.

The budget is adopted by category within activity (i.e., personal services, supplies, other services, and charges and capital outlay within each department). Although spending estimates are produced for each line item, budgetary control is exercised at this category 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. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at June 30, 2003 is not significant.

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 "expenditures" categories, rather than as "other financing sources (uses)."

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City of Novi incurred expenditures that were in excess of the amounts budgeted. The unfavorable variances were caused by unanticipated expenditures that became necessary during the year. There are no significant budget overruns.

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

**Fund Deficits** - The Ice Arena has an accumulated deficit of \$290,237 as of June 30, 2003. This deficit will be eliminated in the future through increases in user charges to competitive market rates, maintaining costs, and additional revenue from a cellular tower agreement with Sprint, entered into by the City of Novi during fiscal year 2000-2001. This agreement generated \$27,198 for the Ice Arena for the year ended June 30, 2003.

### Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 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 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 City has designated 14 banks and 14 financial service institutions for the deposit of funds. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized the City to deposit and invest in all investments allowed by the State statutory authority as listed above except for obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service; and investment pools organized under the local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

The City of Novi's deposits and investment policies are in accordance with statutory authority.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary and Agency Funds	Total Primary Government	Component Units
Cash and investments	\$ 42,896,028	\$ 36,237,811	\$ 12,237,034	\$ 91,370,873	\$ 29,402
Restricted assets (Note 5)	1,572,501	5,855,478	-	7,427,979	-
Total	<u>\$ 44,468,529</u>	<u>\$ 42,093,289</u>	<u>\$ 12,237,034</u>	<u>\$ 98,798,852</u>	<u>\$ 29,402</u>

### Note 3 - Deposits and Investments (Continued)

The breakdown between deposits and investments for the City is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 27,467,050	\$ 29,402
Investments in securities, mutual funds, and similar vehicles	71,325,763	-
Petty cash or cash on hand	<u>6,039</u>	<u>-</u>
Total	<u>\$ 98,798,852</u>	<u>\$ 29,402</u>

The bank balance of the City's deposits is \$27,502,331, of which \$400,000 is covered by federal depository insurance and the remainder was uninsured and uncollateralized. The component unit's deposit had a bank balance of \$29,402, of which all was covered by federal depository insurance.

At year end, the City's investment balances were categorized as follows:

Primary government - U.S. government securities - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name	\$ 25,849,689
Investments not subject to categorization:	
Bank investment pool funds	39,217,178
Interlocal agreement investment pool funds	5,070,721
Mutual funds	<u>1,188,175</u>
Total primary government	<u>\$ 71,325,763</u>

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form. The bank investment pools, interlocal agreement investment pool, and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act. Investments under the interlocal agreement are regulated by the Urban Cooperation Act. The fair value of the position in the bank investment pools and interlocal agreement pools is the same as the value of the pool shares. Management believes that the investment in the funds comply with the investment authority noted previously.

### Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist solely of an amount due from the Ice Arena Fund to the General Fund.

Interfund transfers consist of the following:

Transfer of property taxes collected by the Police and Fire Fund to the General Fund, where police and fire salaries are reported	\$ 3,055,607
Transfers of resources related to street expenditures (certain funds account for resources that are intended to be spent in other funds):	
Transfer of remaining fund balance of the 1997 Voted Street Construction Fund to the 2000 Voted Street Construction Fund	1,992,742
Transfer from Municipal Street Fund to Major Street Fund	1,462,800
Transfer from Major Street Fund to Local Street Fund	505,884
Transfer from Major Street Fund to Act 175 1995 Street Debt Fund	115,034
Transfer from Major Street Fund to 2002 Michigan Transportation Refunding Debt Fund	3,101
Transfer from 1991 Voted Street Fund to 2002 Street Refunding Debt Fund	38,737
Transfer from Park Debt Fund to 2002 Street Refunding Debt Fund	127,855
Transfer of General Fund resources to fund the Parks and Recreation programs	454,373
Transfer of resources to fund the Judgment Trust Fund:	
From the General Fund	979,062
From the Water and Sewer Fund	240,644
Transfer from General Fund to Capital Improvement Fund	<u>157,000</u>
Total interfund transfers	<u>\$ 9,132,839</u>

### Note 5 - Restricted Assets and Reserves

#### Governmental Activities

Following is the detail of the governmental activities restricted assets at June 30, 2003:

Special Revenue Funds:	
Cash and investments restricted for special assessments	\$ 1,461,741
Cash and investments restricted for parks and recreation activities*	<u>110,760</u>
Total Special Revenue Funds	<u>\$ 1,572,501</u>

\* The City has received gifts of \$459,537 since 1992 that are restricted for parks and recreation activities. Through June 30, 2003, \$97,477 of interest has been earned and \$446,254 has been spent for related purposes. There is \$110,760 of cash remaining, for which fund balance has been reserved.

## **Note 5 - Restricted Assets and Reserves (Continued)**

### **Business-type Activities**

Specific assets of the business-type activities have been restricted by City ordinances, contracts with Oakland County, and special assessment contracts with property owners for water and sewer system construction and related debt payments.

Following is the detail of the business-type activities restricted assets at June 30, 2003:

#### Water and Sewer Fund:

Cash and investments restricted for 1997 and 1998 revenue bonds	\$ 1,475,000
Cash and investments restricted for special assessments	<u>4,380,478</u>
Total restricted cash and investments	5,855,478
Special assessments receivable	265,793
Net assets held by county:	
North Huron Valley/Rouge Valley	58,196
Huron-Rouge S.D.S., Walled Lake Arm Waste Water Treatment Plant	<u>79,340</u>
Net assets restricted in Water and Sewer Fund	<u><u>\$ 6,258,807</u></u>



### Note 6 - Capital Assets

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

	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 24,474,344	\$ 919,557	\$ (3,660,000)	\$ 21,733,901
Capital assets being depreciated:				
Roads	74,852,404	7,535,341	-	82,387,745
Non-motorized pathway improvements	2,677,287	397,335	-	3,074,622
Bridges	850,000	377,639	-	1,227,639
Drains	16,769,646	238,863	-	17,008,509
Buildings and improvements	20,406,194	2,214,385	-	22,620,579
Machinery and equipment	8,223,331	458,914	-	8,682,245
Library books	3,291,300	-	(45,120)	3,246,180
Subtotal	127,070,162	11,222,477	(45,120)	138,247,519
Accumulated depreciation:				
Roads	20,896,727	3,295,509	-	24,192,236
Non-motorized pathway improvements	735,710	105,078	-	840,788
Bridges	102,000	49,106	-	151,106
Drains	7,225,938	680,340	-	7,906,278
Buildings and improvements	6,952,283	565,516	-	7,517,799
Machinery and equipment	5,237,963	951,573	-	6,189,536
Library books	1,645,650	324,618	-	1,970,268
Subtotal	42,796,271	5,971,740	-	48,768,011
Net capital assets being depreciated	84,273,891	5,250,737	(45,120)	89,479,508
Net capital assets	<u>\$ 108,748,235</u>	<u>\$ 6,170,294</u>	<u>\$ (3,705,120)</u>	<u>\$ 111,213,409</u>

# City of Novi, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Capital Assets (Continued)

	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,034,701	\$ -	\$ -	\$ 2,034,701
Construction in progress	10,690,789	1,660,516	-	12,351,305
Subtotal	12,725,490	1,660,516	-	14,386,006
Capital assets being depreciated:				
Water and sewer distribution systems	123,447,545	2,313,473	-	125,761,018
Buildings and building improvements	23,015,942	43,999	-	23,059,941
Machinery and equipment	1,970,745	8,878	-	1,979,623
Subtotal	148,434,232	2,366,350	-	150,800,582
Accumulated depreciation:				
Water and sewer distribution systems	26,685,556	2,457,802	-	29,143,358
Buildings and building improvements	1,892,229	607,606	-	2,499,835
Machinery and equipment	1,094,802	119,423	-	1,214,225
Subtotal	29,672,587	3,184,831	-	32,857,418
Net capital assets being depreciated	118,761,645	(818,481)	-	117,943,164
Net capital assets	\$ 131,487,135	\$ 842,035	\$ -	\$ 132,329,170

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

Governmental activities:	
General government	\$ 142,983
Public safety	812,538
Public works	4,464,965
Recreation and culture	551,254
Total governmental activities	<u>\$ 5,971,740</u>
Business-type activities:	
Water and sewer	\$ 2,573,966
Ice arena	254,637
Senior housing	356,228
Total business-type activities	<u>\$ 3,184,831</u>

### Note 6 - Capital Assets (Continued)

**Construction Commitments** - The City has active construction projects as of June 30, 2003. At year end, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Street construction	\$ 1,741,737	\$ 225,301
Sewer projects	10,951,164	1,491,299
Water mains	947,596	355,600
Pathway improvements	<u>218,299</u>	<u>30,903</u>
Total	<u>\$ 13,858,796</u>	<u>\$ 2,103,103</u>

### Note 7 - Receivables

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	\$ 18,765,557	\$ -
Recreation fees and other	<u>-</u>	<u>74,072</u>
Total	<u>\$ 18,765,557</u>	<u>\$ 74,072</u>

### Note 8 - 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 re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

### Note 8 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:							
General Obligation Bonds:							
1991 Unlimited Tax Road Bonds							
Amount of Issue - \$1,850,000							
Maturing through 2010	5.00%	\$625,000	\$ 1,250,000	\$ -	\$ (1,250,000)	\$ -	\$ -
1992 Unlimited Tax Road Bonds							
Amount of Issue - \$1,400,000							
Maturing through 2010	5.50%	\$750,000	750,000	-	(750,000)	-	-
1993A Unlimited Tax Road Bonds							
Amount of Issue - \$6,000,000	4.50%-	\$275,000-					
Maturing through 2011	5.00%	\$625,000	4,850,000	-	(4,850,000)	-	-
1993B Unlimited Tax Road Bonds							
Amount of Issue - \$9,900,000	4.50%-	\$500,000-					
Maturing through 2012	5.00%	\$800,000	6,900,000	-	(6,900,000)	-	-
1993 Unlimited Tax Refunding Bonds							
Amount of Issue - \$10,230,000	4.60%-	\$740,000-					
Maturing through 2009	5.25%	\$1,350,000	8,100,000	-	(675,000)	7,425,000	795,000
1997A Unlimited Tax Road Bonds							
Amount of Issue - \$9,000,000	4.60%-	\$500,000-					
Maturing through 2011	5.10%	\$900,000	7,000,000	-	(5,800,000)	1,200,000	600,000
1997B Unlimited Tax Fire Station Bonds							
Amount of Issue - \$2,225,000	4.60%-	\$125,000-					
Maturing through 2011	5.10%	\$225,000	1,775,000	-	(1,475,000)	300,000	150,000
1998 Unlimited Tax Road Bonds							
Amount of Issue - \$8,100,000	4.05%-	\$400,000-					
Maturing through 2012	4.50%	\$1,000,000	7,400,000	-	(400,000)	7,000,000	400,000
1999 Unlimited Tax Police Station Bonds							
Amount of Issue - \$3,500,000	4.10%-	\$100,000-					
Maturing through 2018	5.50%	\$300,000	3,300,000	-	(100,000)	3,200,000	100,000
2001 Tax Road Bonds							
Amount of Issue - \$10,000,000	3.20%-	\$250,000-					
Maturing through 2015	4.50%	\$1,100,000	10,000,000	-	(250,000)	9,750,000	300,000
2002 Limited Tax Bonds							
Amount of Issue - \$2,000,000	4.00%-	\$150,000-					
Maturing through 2012	5.00%	\$275,000	-	2,000,000	-	2,000,000	150,000
2002 Street and Refunding Bonds							
Amount of Issue - \$24,720,000	2.75%-	\$595,000-					
Maturing through 2017	5.25%	\$3,740,000	-	24,720,000	-	24,720,000	840,000
1995 State of Michigan Transportation Fund Bond							
Amount of Issue - \$3,000,000	4.50%-	\$200,000-					
Maturing through 2010	5.00%	\$325,000	2,425,000	-	(2,425,000)	-	-

### Note 8 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities (Continued):							
General Obligation Bonds (Continued):							
2002 Michigan Transportation Fund							
Refunding Bonds							
Amount of Issue - \$2,280,000	2.75%-	\$265,000-					
Maturing through 2009	3.50%	\$315,000	\$ -	\$ 2,280,000	\$ -	\$ 2,280,000	\$ 265,000
Special Assessment Bonds:							
1995 Special Assessment Bonds							
Amount of Issue - \$1,700,000	6.00%-	\$100,000-					
Maturing through 2009	6.75%	\$125,000	965,000	-	(125,000)	840,000	125,000
2000 Special Assessment Limited							
Tax Bonds							
Amount of Issue - \$18,435,000	4.75%-	\$935,000-					
Maturing through 2015	6.75%	\$1,500,000	17,685,000	-	(935,000)	16,750,000	1,000,000
County Drain Contract Obligations:							
Caddell Drain County Contract							
Amount of Issue - \$110,200	2.93%-	\$4,808-\$8,455					
Maturing through 2014	5.52%		90,141	-	(90,141)	-	-
Caddell Drain County Contract							
Amount of Issue - \$134,617	6.60%-	\$8,835-\$11,858					
Maturing through 2003	6.70%		20,693	-	(11,858)	8,835	8,835
Installment Purchase Agreements							
Lakeshore Park Property Installment							
Contract							
Amount of Issue - \$126,000		\$29,000-					
Maturing through 2005	4.80%	\$34,000	126,000	-	(29,000)	97,000	31,000
Governmental activities long-term liabilities			<u>\$ 72,636,834</u>	<u>\$ 29,000,000*</u>	<u>\$ (26,065,999)*</u>	<u>\$ 75,570,835</u>	<u>\$ 4,764,835</u>
Business-type activities:							
County Drain Contract Obligations:							
Oakland County Contract							
Amount of Issue - \$8,200,000							
Maturing through 2008	5.00%	\$750,000	\$ 750,000	\$ -	\$ -	\$ 750,000	\$ -
Oakland County Contract							
Amount of Issue - \$8,080,000	4.92%-	\$85,000-					
Maturing through 2009	5.20%	\$850,000	3,735,000	-	(660,000)	3,075,000	650,000
Special Assessment Bond - 1987 Special							
Assessment Limited Tax Bonds							
Amount of Issue - \$2,505,000	6.30%-						
Maturity through 2002	6.40%	\$200,000	200,000	-	(200,000)	-	-

# City of Novi, Michigan

## Notes to Financial Statements June 30, 2003

### Note 8 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities (Continued):							
Revenue Bonds:							
1997 Water and Sewer Disposal							
System Revenue Bond							
Amount of Issue - \$5,225,000	4.35%-	\$325,000-					
Maturing through 2012	5.15%	\$505,000	\$ 4,635,000	\$ -	\$ (330,000)	\$ 4,305,000	\$ 325,000
1998 Water and Sewer Disposal System							
Revenue Bond							
Amount of Issue - \$10,000,000	4.25%-	\$100,000-					
Maturing through 2019	7.00%	\$1,000,000	9,900,000	-	(100,000)	9,800,000	100,000
Building Authority Bonds							
1997 Ice Arena Recreation Facility Bond							
Amount of Issue - \$8,500,000	5.25%-	\$200,000-					
Maturing through 2024	8.00%	\$575,000	7,950,000	-	(200,000)	7,750,000	200,000
1999 Senior Complex Recreation							
Facility Bond							
Amount of Issue - \$15,300,000	5.10%-	\$200,000-					
Maturing through 2025	7.50%	\$1,200,000	15,300,000	-	(200,000)	15,100,000	300,000
Installment Purchase Agreements							
Novi Ice Arena Utility Installment Loan							
Amount of Issue - \$101,744							
Maturing through 2002	8.00%	\$7,346	7,346	-	(7,346)	-	-
Business-type activities							
long-term liabilities			<u>\$ 42,477,346</u>	<u>\$ -</u>	<u>\$ (1,697,346)</u>	<u>\$ 40,780,000</u>	<u>\$ 1,575,000</u>

\* The amount included as bond proceeds on statement of revenues, expenditures, and changes in fund balances includes premiums of approximately \$1,655,000.

### Note 8 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bond and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 4,764,835	\$ 3,645,030	\$ 8,409,865	\$ 1,575,000	\$ 2,163,084	\$ 3,738,084
2005	5,677,000	3,076,594	8,753,594	1,710,000	2,068,909	3,778,909
2006	5,984,000	2,832,739	8,816,739	1,885,000	1,967,246	3,852,246
2007	6,125,000	2,592,116	8,717,116	2,120,000	1,859,186	3,979,186
2008	6,965,000	2,329,200	9,294,200	2,205,000	1,736,446	3,941,446
2009-2013	33,655,000	6,693,523	40,348,523	8,410,000	7,226,717	15,636,717
2014-2018	12,100,000	1,222,256	13,322,256	10,375,000	4,802,613	15,177,613
2019-2023	300,000	7,650	307,650	8,625,000	2,139,038	10,764,038
2024-2028	-	-	-	3,875,000	313,438	4,188,438
Total	<u>\$ 75,570,835</u>	<u>\$ 22,399,108</u>	<u>\$ 97,969,943</u>	<u>\$ 40,780,000</u>	<u>\$ 24,276,677</u>	<u>\$ 65,056,677</u>

**Advance and Current Refundings** - During the year, the following debt issues were refunded:

\$90,141 of Caddell Drain, Series 1994 bonds with an average interest rate of 5.625 percent. These bonds were refunded through a payment by the City of \$89,467. The refunding reduced total debt service payments over the next 12 years by \$117,279, which represents an economic gain of \$10,540.

\$2,295,000 of General Obligation Unlimited Tax Bonds, Series 1993B with an average interest rate of 4.88 percent. These bonds were refunded through the issuance of \$2,000,000 of General Obligation Limited Tax Bonds with an average interest rate of 4.35 percent. The net proceeds of \$1,979,806 plus an additional \$338,144 of Judgment Trust Fund monies were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Obligation Unlimited Tax Bonds, Series 1993B. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net assets.

\$2,225,000 1995 Michigan Transportation Fund bonds with an average interest rate of 4.89 percent. These bonds were refunded through the issuance of \$2,280,000 of Michigan Transportation Fund Refunding Bonds, Limited Tax General Obligation, Series 2002 bonds with an average interest rate of 2.99 percent. The net proceeds of \$2,232,281 (after payment of \$62,855 in underwriter's fees and issuance costs and considering a premium of \$15,136) plus an additional \$54,500 of Debt Service Fund monies were used to purchase government securities.

## **Note 8 - Long-term Debt (Continued)**

Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 Michigan Transportation Fund bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net assets. The refunding reduced total debt service payments over the next eight years by \$160,930, which represents an economic gain of \$95,778.

\$1,250,000 of 1991 General Obligation Tax Road Bonds, \$750,000 of 1992 General Obligation Tax Road Bonds, \$4,575,000 of 1993A General Obligation Tax Road Bonds, \$5,300,000 of 1997A General Obligation Tax Road Bonds, \$4,105,000 of 1993B General Obligation Park Land Bonds, and \$1,350,000 of General Obligation Fire Station Bonds through the issuance of \$24,720,000 of General Obligation Street and Refunding Bonds, Series 2002. The average interest rate of the refunded bonds was 5.02 percent. The average interest rate of the new bonds is 4.15 percent. The net proceeds of \$17,742,855 (after payment of \$238,506 in underwriter's fees and issuance costs, allocation of \$8,393,427 to fund a Capital Projects Fund, and considering a premium of \$1,654,788) plus an additional \$430,345 of Debt Service Fund monies, were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net assets. The refunding reduced total debt service payments over the next 15 years by \$847,699, which represents an economic gain of \$700,527.

## **Note 9 - Risk Management**

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



### Note 9 - Risk Management (Continued)

The City was a member of the Michigan Municipal Risk Management Authority, which is a self-insurance program for general and auto liability, auto physical damage, and property loss claims through June 30, 1994.

Beginning July 1, 1995, the City is uninsured for vehicle and contractor equipment physical damage and has estimated that there is no material liability for claims at June 30, 2003.

The City estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. This includes estimated liabilities of the Michigan Municipal Risk Management Authority program through June 30, 1994, estimated deductible payments related to the Michigan Municipal League program subsequent to June 30, 1994, and condemnation and the settlement of a lawsuit.

Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2003</u>	<u>2002</u>
Estimated liability - Beginning of year	\$ 5,477,100	\$ 4,863,085
Estimated claims incurred, including changes in estimates	1,469,582	643,479
Claim payments	<u>(6,354,502)</u>	<u>(29,464)</u>
Estimated liability - End of year	<u>\$ 592,180</u>	<u>\$ 5,477,100</u>

### Note 10 - 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. Beginning January 1, 2000, 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:

Surplus at July 1, 2002		\$ 48,879
Current year building permit revenue		1,611,302
Related expenses:		
Direct costs	\$ 1,446,168	
Estimated indirect costs	<u>209,103</u>	
Total construction code expenses		<u>1,655,271</u>
Cumulative surplus at June 30, 2003		<u>\$ 4,910</u>

### Note 11 - Designated Fund Balances

The fund balances of the General Fund, Special Revenue Funds, and Capital Projects Funds have been designated for the following purposes:

	General Fund	Municipal Street Fund	2000 Voted Street Construction	Other Non- major Governmental Funds
Subsequent years' budgeted expenditures	\$ 896,854	\$ -	\$ 7,714,557	\$ 3,134,674
Building reserve	-	-	-	100,000
Meadowbrook/Villagewood Lake	-	-	-	650,000
Portion designated for the purpose of carrying out the activities of the special assessment districts recorded in these funds	<u>-</u>	<u>1,958,709</u>	<u>-</u>	<u>2,492,107</u>
Total designated fund balances	<u>\$ 896,854</u>	<u>\$ 1,958,709</u>	<u>\$ 7,714,557</u>	<u>\$ 6,376,781</u>

## **Note 12 - Defined Benefit Pension Plan and Postretirement Benefits**

### **Plan Description**

The City participates in the Michigan Municipal Employees' Retirement System, an agent multiple-employer defined benefit pension plan that covers all full-time employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

### **Funding Policy**

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units and requires contributions of 2 percent to 5 percent from approximately 50 percent of the covered or eligible employees.

### **Annual Pension Cost**

For the year ended June 30, 2003, the City's annual pension cost of \$1,402,816 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2001, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent to 8.66 percent per year, and (c) cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over 30 years. The amortization period is open.

### Note 12 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

#### Three-year Trend Information

	Fiscal Year Ended June 30		
	2001	2002	2003
Annual pension cost (APC)	\$ 1,427,249	\$ 1,476,122	\$ 1,402,816
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None
	Actuarial Valuation as of December 31		
	2000	2001	2002
Actuarial value of assets	\$ 23,015,767	\$ 25,481,642	\$ 27,004,202
Actuarial accrued liability (AAL) (entry age normal cost method)	\$ 30,617,460	\$ 34,214,528	\$ 37,047,372
Unfunded AAL (UAAL)	\$ 7,601,693	\$ 8,732,886	\$ 10,043,170
Funded ratio	75%	74%	73%
Covered payroll	\$ 11,167,723	\$ 12,599,780	\$ 13,200,553
UAAL as a percentage of covered payroll	68%	69%	76%

### Note 13 - Joint Venture

The City participates in the Southwest Oakland Cable Commission with the Cities of Farmington and Farmington Hills. The City appoints two members to the governing board of the Cable Commission, which then approves the annual budget. The Cable Commission receives 5 percent of the total cable television charges from the cable television company as franchise fees and currently does not receive a subsidy from the City. Financial information of the joint venture as of June 30, 2003 can be obtained from the administrative offices at 24021 Research Drive in Farmington Hills, Michigan.

In addition, the City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County. The Authority is incorporated by the Cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, Wixom, and the Charter Township of South Lyon. The City appoints one member to the joint venture's governing board, which then approves the annual budget. The joint venture receives its operating revenue from member contributions and miscellaneous income. During the current year, the City contributed \$42,218 to the Authority. The financial information of the joint venture as of June 30, 2003 can be obtained from the Authority's administrative offices at 20000 West 8 Mile Road in Southfield, Michigan.

## **Note 13 - Joint Venture (Continued)**

For both joint ventures, the City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

## **Note 14 - Retiree Health Care Benefits Pension and Other Employee Benefit Trust Fund**

The City provides health care benefits to most full-time employees upon retirement, in accordance with labor contracts. Currently, 31 retirees are eligible. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with contributions required by the participant for 20 percent of annual premiums for most retirees. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for retiree health care benefits are recognized as the insurance premiums become due. For individuals retired before June 30, 1994, premiums are paid by the General Fund. During the year, this amounted to approximately \$45,000. For individuals retiring after June 30, 1994, payments for premiums are recorded in the Retiree Health Care Benefits Pension and Other Employee Benefit Trust Fund. During the year, this amounted to \$136,876.

## **Note 15 - Accounting and Reporting Change**

### **GASB No. 34**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*. The City has applied the provisions of this statement in the accompanying financial statements (including notes to financial statements). The City has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.)
- A change in the fund financial statements to focus on the major funds

## **Note 15 - Accounting and Reporting Change (Continued)**

- Capital assets in the governmental activities column of the statement of net assets includes infrastructure assets (roads, bridges, etc.) not previously accounted for by the City as well as assets totaling \$49,273,759 that would previously have been reported in the General Fixed Assets Account Group.
- The governmental activities column includes bonds and other long-term obligations totaling \$79,886,694 previously reported in the General Long-term Debt Account Group.

### **Interpretation 6**

Due to GASB No. 16, Interpretation 6, *Adjustment of Compensated Absences*, the General Fund fund balance as of June 30, 2002 has been restated as follows:

General Fund fund balance - June 30, 2002 - As previously reported	\$ 4,700,855
GASB No. 16, Interpretation 6 - Adjustment of compensated absences in the General Fund, reclassified as a long-term liability	<u>187,403</u>
General Fund fund balance - June 30, 2002 - As restated	<u>\$ 4,888,258</u>

## **Required Supplemental Information**

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# City of Novi, Michigan

## Required Supplemental Information Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) General Fund Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
<b>Taxes</b>				
Current property taxes	\$ 11,016,000	\$ 11,016,000	\$ 11,109,159	\$ 93,159
Trailer fees	11,000	11,000	10,685	(315)
Penalty and interest	175,000	175,000	282,778	107,778
Total taxes	11,202,000	11,202,000	11,402,622	200,622
<b>Licenses, Permits, and Charges for Services</b>	2,283,300	2,478,300	2,710,259	231,959
<b>Intergovernmental Revenues</b>				
State-shared revenues	4,485,611	4,244,611	4,204,949	(39,662)
Federal grants	50,000	80,000	92,740	12,740
Police training grant	12,500	12,500	18,736	6,236
Total intergovernmental revenues	4,548,111	4,337,111	4,316,425	(20,686)
<b>Fines and Forfeitures</b>	270,000	250,000	282,839	32,839
<b>Interest Income</b>	525,000	385,000	392,168	7,168
<b>Transfers In</b>	2,945,200	3,095,000	3,055,607	(39,393)
<b>Other Revenues</b>	329,500	365,500	387,774	22,274
Total revenues	22,103,111	22,112,911	22,547,694	434,783
<b>Expenditures</b>				
<b>City Council</b>				
Personal services	11,100	11,100	4,629	6,471
Other services and charges	200	200	30	170
Total City Council	11,300	11,300	4,659	6,641
<b>City Manager</b>				
Personal services	479,193	504,693	501,461	3,232
Supplies	1,500	1,500	631	869
Other services and charges	7,500	6,000	5,326	674
Total City manager	488,193	512,193	507,418	4,775
<b>Finance</b>				
Personal services	446,754	464,554	462,025	2,529
Other services and charges	89,745	79,745	60,361	19,384
Total finance	536,499	544,299	522,386	21,913



# City of Novi, Michigan

## Required Supplemental Information Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) General Fund (Continued) Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
<b>Information Technology</b>				
Personal services	\$ 188,885	\$ 218,085	\$ 211,147	\$ 6,938
Supplies	30,100	50,100	46,302	3,798
Other services and charges	89,777	92,777	88,548	4,229
Total information technology	308,762	360,962	345,997	14,965
<b>Assessing</b>				
Personal services	473,878	447,278	418,604	28,674
Supplies	4,600	4,600	1,971	2,629
Other services and charges	110,800	139,100	125,871	13,229
Total assessing	589,278	590,978	546,446	44,532
<b>City Attorney</b>	400,000	400,000	428,163	(28,163)
<b>City Clerk</b>				
Personal services	407,102	429,602	427,637	1,965
Supplies	18,000	18,000	13,802	4,198
Other services and charges	25,700	26,900	25,605	1,295
Capital outlay	-	5,600	5,548	52
Total city clerk	450,802	480,102	472,592	7,510
<b>Treasury</b>				
Personal services	188,595	191,795	190,633	1,162
Supplies	16,700	16,700	15,475	1,225
Other services and charges	49,300	51,900	44,907	6,993
Total treasury	254,595	260,395	251,015	9,380
<b>Building and Grounds</b>				
Personal services	165,894	165,894	168,726	(2,832)
Supplies	10,600	10,600	8,935	1,665
Other services and charges	480,400	521,400	479,977	41,423
Debt service	34,500	34,500	34,352	148
Total building and grounds	691,394	732,394	691,990	40,404
<b>Community Relations</b>				
Personal services	125,196	130,596	124,793	5,803
Supplies	5,200	5,200	4,505	695
Other services and charges	149,900	146,400	126,932	19,468
Capital outlay	-	4,000	4,013	(13)
Total community relations	280,296	286,196	260,243	25,953

(Continued on next page)

# City of Novi, Michigan

## Required Supplemental Information Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) General Fund (Continued) Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
<b>General Administration</b>				
Personal services	\$ 573,079	\$ 586,079	\$ 582,441	\$ 3,638
Supplies	82,626	82,626	67,923	14,703
Other services and charges	898,615	768,015	750,372	17,643
Total general administration	1,554,320	1,436,720	1,400,736	35,984
<b>Police Department</b>				
Personal services	7,255,137	7,506,648	7,365,990	140,658
Supplies	168,600	181,600	176,224	5,376
Other services and charges	896,270	921,770	857,886	63,884
Total police department	8,320,007	8,610,018	8,400,100	209,918
<b>Fire Department</b>				
Personal services	2,878,616	2,881,786	2,895,230	(13,444)
Supplies	194,500	194,500	163,541	30,959
Other services and charges	206,050	209,650	188,934	20,716
Capital outlay	-	22,500	22,260	240
Total fire department	3,279,166	3,308,436	3,269,965	38,471
<b>Building Department</b>				
Personal services	1,303,764	1,329,764	1,298,092	31,672
Supplies	34,970	47,970	49,230	(1,260)
Other services and charges	70,640	114,140	100,113	14,027
Total building department	1,409,374	1,491,874	1,447,435	44,439
<b>Neighborhood Services</b>				
Personal services	286,227	292,327	287,714	4,613
Supplies	8,150	6,050	3,335	2,715
Other services and charges	13,080	13,080	18,928	(5,848)
Capital outlay	-	2,100	2,019	81
Total neighborhood services	307,457	313,557	311,996	1,561
<b>Department of Public Works</b>				
Personal services	1,904,423	1,892,623	1,883,583	9,040
Supplies	116,300	121,300	129,654	(8,354)
Other services and charges	494,900	567,200	516,490	50,710
Capital outlay	72,000	76,100	69,724	6,376
Allocated to other operations	(1,607,000)	(1,786,000)	(1,863,048)	77,048
Total Department of Public Works	980,623	871,223	736,403	134,820

# City of Novi, Michigan

## Required Supplemental Information Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) General Fund (Continued) Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
<b>Engineering</b>				
Personal services	\$ 344,378	\$ 310,578	\$ 290,868	\$ 19,710
Supplies	6,600	7,600	6,909	691
Other services and charges	16,150	21,350	21,784	(434)
Capital outlay	7,000	12,000	7,535	4,465
Allocated to other operations	<u>(275,000)</u>	<u>(100,000)</u>	<u>(113,035)</u>	<u>13,035</u>
Total engineering	99,128	251,528	214,061	37,467
<b>Planning Commission</b>				
Supplies	360	360	340	20
Other services and charges	<u>61,506</u>	<u>61,506</u>	<u>3,753</u>	<u>57,753</u>
Total planning commission	61,866	61,866	4,093	57,773
<b>Planning</b>				
Personal services	520,775	535,775	526,126	9,649
Supplies	23,000	28,000	25,840	2,160
Other services and charges	<u>160,000</u>	<u>194,300</u>	<u>184,807</u>	<u>9,493</u>
Total planning	703,775	758,075	736,773	21,302
<b>Transfers Out</b>	<u>1,455,435</u>	<u>1,655,435</u>	<u>1,590,435</u>	<u>65,000</u>
Total expenditures	<u>22,182,270</u>	<u>22,937,551</u>	<u>22,142,906</u>	<u>794,645</u>
<b>Net Change in Fund Balance</b>	(79,159)	(824,640)	404,788	1,229,428
<b>Fund Balance - Beginning of year</b>	<u>4,888,258</u>	<u>4,888,258</u>	<u>4,888,258</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 4,809,099</b></u>	<u><b>\$ 4,063,618</b></u>	<u><b>\$ 5,293,046</b></u>	<u><b>\$ 1,229,428</b></u>

# City of Novi, Michigan

## Required Supplemental Information Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) Municipal Street Fund Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,930,000	\$ 1,930,000	\$ 1,942,104	12,104
Federal sources	-	128,000	216,127	88,127
Interest income	958,000	16,000	140,050	124,050
Special assessments	867,500	1,809,500	2,122,064	312,564
Other	730,000	730,000	732,781	2,781
	<u>4,485,500</u>	<u>4,613,500</u>	<u>5,153,126</u>	<u>539,626</u>
<b>Expenditures</b>				
Administration	5,000	5,000	1,650	3,350
Construction	460,000	7,685,500	6,026,395	1,659,105
Street maintenance	205,000	205,000	208,028	(3,028)
Debt service	1,990,250	1,990,250	1,986,606	3,644
Transfers out	1,462,800	1,462,800	1,462,800	-
	<u>4,123,050</u>	<u>11,348,550</u>	<u>9,685,479</u>	<u>1,663,071</u>
<b>Net Change in Fund Balance</b>	362,450	(6,735,050)	(4,532,353)	2,202,697
<b>Fund Balance - Beginning of year</b>	<u>8,882,861</u>	<u>8,882,861</u>	<u>8,882,861</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 9,245,311</b></u>	<u><b>\$ 2,147,811</b></u>	<u><b>\$ 4,350,508</b></u>	<u><b>\$ 2,202,697</b></u>

## **Other Supplemental Information**

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## **Note to Other Supplemental Information Nonmajor Governmental Funds Year Ended June 30, 2003**

### **Special Revenue Funds**

Special Revenue Funds are so classified because some authority other than the City requires special legal restrictions and accounting procedures. The Special Revenue Funds of the City include the following:

**Major Street Fund** - The Major Street Fund's purpose is to account for expenditures associated with the construction, maintenance, and debt service needs of the major street portion of the City's street network. Of the 145 total miles that make up the City of Novi, the City has 36 miles of major streets. Financing is primarily provided by the City's share of state gas and weight taxes.

**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 109 miles of local streets. Financing is provided by the City's share of gas and weight taxes and transfers from other funds.

**Parks, Recreation, and Forestry Fund** - This fund is used to provide a variety of activities including leisure, culture and recreational programs, senior citizen programs, maintenance of all City parks, and the Community Development Block Grant program. The City of Novi is an entitlement community under the federally administered Community Development Block Grant Program. As such, the City receives a proportionate share of monies appropriated by Congress. The funds can only be used to support approved activities as reflected in the current Housing and Community Development Act. The City receives its funding through Oakland County. Other funding sources include tax revenue pursuant to a special millage as designated by the Charter and a transfer from the General Fund.

**Police and Fire Fund** - This fund receives its revenue in accordance with a special millage that was authorized to supplement the operations of the police and fire departments, including payment for personnel-related expenditures and the purchase of fire trucks, pumper tank vehicles, and emergency transportation equipment.

**Library Fund** - This fund provides collections services and programs to support the educational, cultural, informational, and recreational needs of the community. This fund receives its revenue pursuant to a special millage as designated by Charter.

**Drain Revenue Fund** - This fund receives its revenue in accordance with a special millage that was authorized for acquiring, constructing, improving, and maintaining the storm water systems.

**Drain Perpetual Maintenance Fund** - This fund receives its revenue from infrastructure user fees. The intent is to build an investment base in which earnings will eventually cover the cost of maintaining the system.

# City of Novi, Michigan

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## **Note to Other Supplemental Information Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003**

### **Special Revenue Funds (Continued)**

**Judgment Trust Fund** - This fund was established as: (1) a source of debt service payments for judgment bonds, if issued, and (2) for payment of claims not covered by property and liability insurance.

**Contributions and Donations Fund** - This fund was established to receive donations from private corporations and citizens to be used for such purposes as parks development, road improvements, and telecommunications infrastructure.

**Special Assessment Revolving Fund** - This fund was established to provide funds for maintenance of projects constructed through special assessments or to provide funds for any special purpose as designated by City Council.

### **Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

**1991 Voted Street Debt Fund** - This fund was established to account for the payment of annual principal and interest on \$18,600,000 of bonds sold for a city-wide paving program. These annual requirements are met from a special ad valorem tax. A substantial portion of this debt was refinanced at a lower interest rate by the 1993 Refunding Bond issue.

**1997 Voted Street Fund** - This fund was established to account for the payment of annual principal and interest on \$17,100,000 of bonds sold for a city-wide paving program. These annual debt requirements are met from a special ad valorem tax. A substantial portion of this debt was refinanced at a lower interest rate by the 2002 Street and Refunding Bond issue.

**2000 Voted Street Fund** - This fund was established to account for the payment of annual principal and interest on \$18,395,000 of bonds sold for a city-wide paving program. These annual debt requirements are met from a special ad valorem tax.

**Park Debt Fund** - The principal and interest serviced by this fund on an ad valorem basis was for a \$9,900,000 bond issue to purchase parkland and make improvements. The City converted \$2,000,000 into taxable bonds, and the remainder of this issue was refinanced through the 2002 Street and Refunding Bond issue.

# City of Novi, Michigan

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## **Note to Other Supplemental Information Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003**

### **Debt Service Funds (Continued)**

**2002 Michigan Transportation Fund Refunding Debt Fund** - This fund was established to account for the payment of annual principal and interest on \$2,280,000 of Michigan Transportation Fund bonds sold in order to raise the funds necessary to refund the 1995 Act 175 issued for paving purposes. The bonds will be paid from funds provided from the Major Street Fund.

**2002 Street and Refunding Debt Fund** - This issue was used for refunding bonds issued for paving purposes, and the remaining Park Debt and 1997 Fire Debt issues, as well as the second series of 2000 Voted Street bonds in the amount of \$8,395,000.

**Act 175 1995** - This debt was to cover Wixom Road. The remainder of this debt was refinanced by the 2002 Michigan Transportation Fund Refunding Debt Fund.

**1997 Fire Debt Fund** - This fund was established to account for the payment of annual principal and interest on \$2,225,000 of general obligation bonds sold to build a fourth fire station and a training facility. These annual requirements are met from a special ad valorem tax. The remainder of this issue was refinanced through the 2002 Street and Refunding Bond issue.

**1993 Refunding Debt Fund** - This fund was established to account for the payment of annual principal and interest of general obligation unlimited tax refunding bonds sold to refund two series of bonds issued for paving purposes.

**1999 Police Debt Fund** - This fund was established to account for the payment of annual principal and interest on \$3,500,000 of general obligation bonds to improve and make the police building compliant with the Americans with Disabilities Act. These annual requirements are met from a special ad valorem tax.

**Special Assessments Fund** - This fund was established to pay the debt related to special assessment projects prior to 1988.

### **Capital Projects Funds**

These funds are used to account for earmarked revenue to be used to fund the acquisition or construction of public improvements.

**1997 Voted Street Construction Fund** - The \$8,100,000 balance of the 1997 Voted Street Construction Fund was sold in early 1998. This fund was established to account for major construction and road improvement activities financed through the issuance of an \$8,100,000 bond issue in early 1998.



# City of Novi, Michigan

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## **Note to Other Supplemental Information Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003**

### **Capital Projects Funds (Continued)**

**Capital Improvement Fund** - This fund was established during the 1997-1998 budget process. It is used to accumulate unplanned revenues such as adjustments in State-shared revenue, unappropriated fund balance, etc.

**1999 Police Building Construction Fund** - This fund was established to account for the \$3,500,000 bond issue authorized by the electorate in 1998-99 to upgrade the police building and make it compliant with the American Disability Act (ADA).

**1997 Fire Capital Improvement Fund** - This fund was established to account for \$2,225,000 in bonds authorized and sold in 1996-1997. The proceeds were used to build a new fourth fire station and a training facility.

# City of Novi, Michigan

	Special Revenue Funds			
	Major Street	Local Street	Parks, Recreation, and Forestry	
			Police and Fire	
<b>Assets</b>				
Cash and investments	\$ 4,127,724	\$ 1,243,504	\$ 744,022	\$ 684,235
Accounts receivable:				
Other governmental units	353,150	121,338	12,280	-
Taxes	-	-	25,573	94,653
Special assessments	1,013,333	-	-	-
Other	-	-	-	-
Restricted assets	-	-	110,760	-
<b>Total assets</b>	<b>\$ 5,494,207</b>	<b>\$ 1,364,842</b>	<b>\$ 892,635</b>	<b>\$ 778,888</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 106,364	\$ 141,415	\$ 164,808	\$ 13,919
Accrued and other liabilities	-	-	180,090	-
Deferred revenue	1,013,333	-	71,006	-
<b>Total liabilities</b>	<b>1,119,697</b>	<b>141,415</b>	<b>415,904</b>	<b>13,919</b>
<b>Fund Balances</b>				
Reserved - Restricted assets	-	-	110,760	-
Unreserved:				
Designated	3,165,974	667,790	1,997	-
Undesignated	1,208,536	555,637	363,974	764,969
<b>Total fund balances</b>	<b>4,374,510</b>	<b>1,223,427</b>	<b>476,731</b>	<b>764,969</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,494,207</b>	<b>\$ 1,364,842</b>	<b>\$ 892,635</b>	<b>\$ 778,888</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003**

Special Revenue Funds					
Library	Drain Revenue	Drain Perpetual Maintenance	Judgment Trust	Contributions and Donations	Special Assessment Revolving
\$ 399,290	\$ 3,995,911	\$ 4,377,609	\$ 18,448	\$ 5,768	\$ 1,920,758
-	59,552	-	-	-	-
51,158	39,285	-	-	-	-
-	16,472	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b><u>\$ 450,448</u></b>	<b><u>\$ 4,111,220</u></b>	<b><u>\$ 4,377,609</u></b>	<b><u>\$ 18,448</u></b>	<b><u>\$ 5,768</u></b>	<b><u>\$ 1,920,758</u></b>
\$ 51,313	\$ 88,664	\$ -	\$ 9,262	\$ 5,768	\$ -
30,316	-	-	-	-	-
-	16,472	-	-	-	-
81,629	105,136	-	9,262	5,768	-
-	-	-	-	-	-
182,034	1,998,486	-	-	-	-
<u>186,785</u>	<u>2,007,598</u>	<u>4,377,609</u>	<u>9,186</u>	<u>-</u>	<u>1,920,758</u>
368,819	4,006,084	4,377,609	9,186	-	1,920,758
<b><u>\$ 450,448</u></b>	<b><u>\$ 4,111,220</u></b>	<b><u>\$ 4,377,609</u></b>	<b><u>\$ 18,448</u></b>	<b><u>\$ 5,768</u></b>	<b><u>\$ 1,920,758</u></b>

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# City of Novi, Michigan

	Debt Service Funds			
	1991 Voted Street	1997 Voted Street	2000 Voted Street	Park Debt Service Fund
<b>Assets</b>				
Cash and investments	\$ -	\$ 32,705	\$ 18,049	\$ -
Accounts receivable:				
Other governmental units	-	-	-	-
Taxes	-	42,939	10,327	-
Special assessments	-	-	-	-
Other	-	-	-	-
Restricted assets	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 75,644</u>	<u>\$ 28,376</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	-
<b>Fund Balances</b>				
Reserved - Restricted assets	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated	-	75,644	28,376	-
Total fund balances	-	75,644	28,376	-
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 75,644</u>	<u>\$ 28,376</u>	<u>\$ -</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2003**

Debt Service Funds						
2002 Michigan Transportation Fund Refunding Debt	2002 Street & Refunding Debt	Act 175 1995	1997 Fire Debt	1993 Refunding Debt Fund	1999 Police Debt Fund	Special Assessments
\$ -	\$ 134,712	\$ -	\$ 9,454	\$ 30,714	\$ 3,409	\$ 592,153
-	-	-	-	-	-	-
-	36,992	-	6,075	33,778	7,454	-
-	-	-	-	-	-	11,412
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 171,704</u>	<u>\$ -</u>	<u>\$ 15,529</u>	<u>\$ 64,492</u>	<u>\$ 10,863</u>	<u>\$ 603,565</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	11,412
-	-	-	-	-	-	11,412
-	-	-	-	-	-	-
-	110,000	-	-	-	-	-
-	61,704	-	15,529	64,492	10,863	592,153
-	171,704	-	15,529	64,492	10,863	592,153
<u>\$ -</u>	<u>\$ 171,704</u>	<u>\$ -</u>	<u>\$ 15,529</u>	<u>\$ 64,492</u>	<u>\$ 10,863</u>	<u>\$ 603,565</u>

(Continued on next page)

# City of Novi, Michigan

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds (Continued) June 30, 2003

	Capital Projects Funds				Total Nonmajor Governmental Funds
	1997 Voted Street Construction	Capital Improvement	1999 Police Building Construction	1997 Fire Capital Improvement	
<b>Assets</b>					
Cash and investments	\$ -	\$ 171,918	\$ 1,208,339	\$ 634,589	\$ 20,353,311
Accounts receivable:					
Other governmental units	-	-	-	-	546,320
Taxes	-	-	-	-	348,234
Special assessments	-	-	-	-	1,041,217
Other	-	-	2,468	7,002	9,470
Restricted assets	-	-	-	-	110,760
<b>Total assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 171,918</u></b>	<b><u>\$ 1,210,807</u></b>	<b><u>\$ 641,591</u></b>	<b><u>\$ 22,409,312</u></b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 27,437	\$ 16,986	\$ 452,730	\$ 1,078,666
Accrued and other liabilities	-	-	-	-	210,406
Deferred revenue	-	-	-	-	1,112,223
<b>Total liabilities</b>	<b>-</b>	<b>27,437</b>	<b>16,986</b>	<b>452,730</b>	<b>2,401,295</b>
<b>Fund Balances</b>					
Reserved - Restricted assets	-	-	-	-	110,760
Unreserved:					
Designated	-	-	250,500	-	6,376,781
Undesignated	-	144,481	943,321	188,861	13,520,476
<b>Total fund balances</b>	<b>-</b>	<b>144,481</b>	<b>1,193,821</b>	<b>188,861</b>	<b>20,008,017</b>
<b>Total liabilities and fund balances</b>	<b><u>\$ -</u></b>	<b><u>\$ 171,918</u></b>	<b><u>\$ 1,210,807</u></b>	<b><u>\$ 641,591</u></b>	<b><u>\$ 22,409,312</u></b>

# City of Novi, Michigan

	Special Revenue Funds			
	Major Street	Local Street	Parks, Recreation, and Forestry	
			Police and Fire	
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ 970,207	\$ 3,591,814
Federal grants	-	-	177,172	-
State sources	2,044,879	702,674	19,700	-
Special assessments	139,893	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	138,840	21,110	9,918	24,899
Recreational programs	-	-	897,234	-
Gift (Fuerst Estate)	-	-	1,470	-
Other revenue	20,285	-	78,081	-
<b>Total revenue</b>	<b>2,343,897</b>	<b>723,784</b>	<b>2,153,782</b>	<b>3,616,713</b>
<b>Expenditures</b>				
Administration	520	520	-	-
Construction	28,140	517,901	-	-
Street maintenance	1,134,639	761,619	-	-
Recreational programs	-	-	1,671,287	-
Forestry and park maintenance	-	-	720,223	-
Library programs	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	103,757	-
Debt service	188,432	-	-	-
<b>Total expenditures</b>	<b>1,351,731</b>	<b>1,280,040</b>	<b>2,495,267</b>	<b>-</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>992,166</b>	<b>(556,256)</b>	<b>(341,485)</b>	<b>3,616,713</b>
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	1,443,924	-	-	-
Payment to escrow agent	(1,448,218)	-	-	-
Transfers in	1,462,800	505,884	454,373	-
Transfers out	(624,019)	-	-	(3,055,607)
<b>Total other financing sources (uses)</b>	<b>834,487</b>	<b>505,884</b>	<b>454,373</b>	<b>(3,055,607)</b>
<b>Net Change in Fund Balances</b>	<b>1,826,653</b>	<b>(50,372)</b>	<b>112,888</b>	<b>561,106</b>
<b>Fund Balances - Beginning of year</b>	<b>2,547,857</b>	<b>1,273,799</b>	<b>363,843</b>	<b>203,863</b>
<b>Fund Balances - End of year</b>	<b>\$ 4,374,510</b>	<b>\$ 1,223,427</b>	<b>\$ 476,731</b>	<b>\$ 764,969</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2003**

Special Revenue Funds					
Library	Drain Revenue	Drain Perpetual Maintenance	Judgment Trust	Contributions and Donations	Special Assessment Revolving
\$ 1,948,573	\$ 1,496,297	\$ -	\$ -	\$ -	\$ -
10,907	57,552	-	-	-	-
39,798	-	-	-	-	-
-	3,946	-	-	-	-
102,008	-	-	-	-	-
18,049	83,635	158,257	12,161	-	33,736
-	-	-	-	-	-
-	-	-	-	-	-
<u>44,462</u>	<u>-</u>	<u>16,202</u>	<u>770,604</u>	<u>-</u>	<u>-</u>
2,163,797	1,641,430	174,459	782,765	-	33,736
-	1,506	-	-	-	-
-	251,582	-	-	-	-
-	612,352	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,063,764	-	-	-	-	-
-	-	-	2,694,502	-	235,872
8,438	-	-	-	-	-
-	-	-	-	-	-
<u>2,072,202</u>	<u>865,440</u>	<u>-</u>	<u>2,694,502</u>	<u>-</u>	<u>235,872</u>
91,595	775,990	174,459	(1,911,737)	-	(202,136)
-	-	-	-	-	2,000,000
-	-	-	-	-	(2,295,000)
-	-	-	1,219,706	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,219,706</u>	<u>-</u>	<u>(295,000)</u>
91,595	775,990	174,459	(692,031)	-	(497,136)
<u>277,224</u>	<u>3,230,094</u>	<u>4,203,150</u>	<u>701,217</u>	<u>-</u>	<u>2,417,894</u>
<b><u>\$ 368,819</u></b>	<b><u>\$ 4,006,084</u></b>	<b><u>\$ 4,377,609</u></b>	<b><u>\$ 9,186</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,920,758</u></b>

(Continued on next page)



# City of Novi, Michigan

	Debt Service Funds				
	1991 Voted Street	1997 Voted Street	2000 Voted Street	Park Debt Service Fund	2002 Michigan Transportation Fund Refunding Debt
<b>Revenue</b>					
Property taxes	\$ 618,428	\$ 1,556,959	\$ 681,671	\$ 827,474	\$ -
Federal grants	-	-	-	-	-
State sources	-	-	-	-	-
Special assessments	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	887	2,914	2,434	4,999	-
Recreational programs	-	-	-	-	-
Gift (Fuerst Estate)	-	-	-	-	-
Other revenue	-	-	-	-	-
<b>Total revenue</b>	<b>619,315</b>	<b>1,559,873</b>	<b>684,105</b>	<b>832,473</b>	<b>-</b>
<b>Expenditures</b>					
Administration	-	-	-	-	-
Construction	-	-	-	-	-
Street maintenance	-	-	-	-	-
Recreational programs	-	-	-	-	-
Forestry and park maintenance	-	-	-	-	-
Library programs	-	-	-	-	-
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	536,479	1,486,381	661,940	708,686	615
<b>Total expenditures</b>	<b>536,479</b>	<b>1,486,381</b>	<b>661,940</b>	<b>708,686</b>	<b>615</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>82,836</b>	<b>73,492</b>	<b>22,165</b>	<b>123,787</b>	<b>(615)</b>
<b>Other Financing Sources (Uses)</b>					
Bond proceeds	6,705,000	5,645,000	-	4,190,000	836,076
Payment to escrow agent	(6,780,627)	(5,707,409)	-	(4,254,340)	(838,562)
Transfers in	-	-	-	-	3,101
Transfers out	(38,737)	-	-	(127,855)	-
<b>Total other financing sources (uses)</b>	<b>(114,364)</b>	<b>(62,409)</b>	<b>-</b>	<b>(192,195)</b>	<b>615</b>
<b>Net Change in Fund Balances</b>	<b>(31,528)</b>	<b>11,083</b>	<b>22,165</b>	<b>(68,408)</b>	<b>-</b>
<b>Fund Balances - Beginning of year</b>	<b>31,528</b>	<b>64,561</b>	<b>6,211</b>	<b>68,408</b>	<b>-</b>
<b>Fund Balances - End of year</b>	<b>\$ -</b>	<b>\$ 75,644</b>	<b>\$ 28,376</b>	<b>\$ -</b>	<b>\$ -</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds (Continued)**  
**Year Ended June 30, 2003**

Debt Service Funds						
2002 Street & Refunding Debt	Act 175 1995	1997 Fire Debt	1993 Refunding Debt Fund	1999 Police Debt Fund	Special Assessments	
\$ -	\$ -	\$ 214,888	\$ 1,071,637	\$ 256,690	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
5,112	-	435	2,450	1,045	12,887	
-	-	-	-	-	-	
-	-	-	-	-	-	
5,112	-	215,323	1,074,087	257,735	12,887	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	115,034	196,679	1,063,055	255,990	-	
-	115,034	196,679	1,063,055	255,990	-	
5,112	(115,034)	18,644	11,032	1,745	12,887	
-	-	1,440,000	-	-	-	
-	-	(1,453,774)	-	-	-	
166,592	115,034	-	-	-	-	
-	-	-	-	-	-	
166,592	115,034	(13,774)	-	-	-	
171,704	-	4,870	11,032	1,745	12,887	
-	-	10,659	53,460	9,118	579,266	
<b>\$ 171,704</b>	<b>\$ -</b>	<b>\$ 15,529</b>	<b>\$ 64,492</b>	<b>\$ 10,863</b>	<b>\$ 592,153</b>	

(Continued on next page)

# City of Novi, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

	Capital Projects Funds				Total Nonmajor Governmental Funds
	1997 Voted Street Construction	Capital Improvement	1999 Police Building Construction	1997 Fire Capital Improvement	
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 13,234,638
Federal grants	-	-	-	-	245,631
State sources	-	-	-	-	2,807,051
Special assessments	-	-	-	-	143,839
Fines and forfeitures	-	-	-	-	102,008
Investment income	27,318	7,212	27,850	22,972	619,120
Recreation programs	-	-	-	-	897,234
Gift (Fuerst Estate)	-	-	-	-	1,470
Other revenue	-	-	-	367,073	1,296,707
<b>Total revenue</b>	<b>27,318</b>	<b>7,212</b>	<b>27,850</b>	<b>390,045</b>	<b>19,347,698</b>
<b>Expenditures</b>					
Administration	-	-	-	-	2,546
Construction	148,619	-	125,537	1,990,682	3,062,461
Street maintenance	-	-	-	-	2,508,610
Recreational programs	-	-	-	-	1,671,287
Forestry and park maintenance	-	-	-	-	720,223
Library programs	-	-	-	-	2,063,764
Other	-	-	-	-	2,930,374
Capital outlay	-	584,331	-	-	696,526
Debt service	-	-	-	-	5,213,291
<b>Total expenditures</b>	<b>148,619</b>	<b>584,331</b>	<b>125,537</b>	<b>1,990,682</b>	<b>18,869,082</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(121,301)</b>	<b>(577,119)</b>	<b>(97,687)</b>	<b>(1,600,637)</b>	<b>478,616</b>
<b>Other Financing Sources (Uses)</b>					
Bond proceeds	-	-	-	-	22,260,000
Payment to escrow agent	-	-	-	-	(22,777,930)
Transfers in	-	157,000	-	-	4,084,490
Transfers out	(1,992,742)	-	-	-	(5,838,960)
<b>Total other financing sources (uses)</b>	<b>(1,992,742)</b>	<b>157,000</b>	<b>-</b>	<b>-</b>	<b>(2,272,400)</b>
<b>Net Change in Fund Balances</b>	<b>(2,114,043)</b>	<b>(420,119)</b>	<b>(97,687)</b>	<b>(1,600,637)</b>	<b>(1,793,784)</b>
<b>Fund Balances - Beginning of year</b>	<b>2,114,043</b>	<b>564,600</b>	<b>1,291,508</b>	<b>1,789,498</b>	<b>21,801,801</b>
<b>Fund Balances - End of year</b>	<b>\$ -</b>	<b>\$ 144,481</b>	<b>\$ 1,193,821</b>	<b>\$ 188,861</b>	<b>\$ 20,008,017</b>

# City of Novi, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Year Ended June 30, 2003

### Special Revenue - Major Street

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
State sources	\$ 1,585,000	\$ 1,585,000	\$ 2,044,879	\$ 459,879
Special assessments	131,000	131,000	139,893	8,893
Investment income	125,000	113,000	138,840	25,840
Transfers in	1,462,800	1,462,800	1,462,800	-
Other	-	16,000	15,991	(9)
Total revenues	<u>3,303,800</u>	<u>3,307,800</u>	<u>3,802,403</u>	<u>494,603</u>
<b>Expenditures</b>				
Administration	5,000	5,000	520	4,480
Construction	1,385,000	1,827,200	28,140	1,799,060
Street maintenance	1,095,000	1,265,000	1,134,639	130,361
Transfers out	511,210	626,210	624,019	2,191
Debt service	198,540	198,540	188,432	10,108
Total expenditures	<u>3,194,750</u>	<u>3,921,950</u>	<u>1,975,750</u>	<u>1,946,200</u>
<b>Net Change in Fund Balance</b>	109,050	(614,150)	1,826,653	2,440,803
<b>Fund Balance - Beginning of year</b>	<u>2,547,857</u>	<u>2,547,857</u>	<u>2,547,857</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ 2,656,907</u>	<u>\$ 1,933,707</u>	<u>\$ 4,374,510</u>	<u>\$ 2,440,803</u>

# City of Novi, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2003

### Special Revenue - Local Street

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
State sources	\$ 572,400	\$ 572,400	\$ 702,674	\$ 130,274
Investment income	12,000	12,000	21,110	9,110
Transfers in	396,250	511,250	505,884	(5,366)
Total revenues	<u>980,650</u>	<u>1,095,650</u>	<u>1,229,668</u>	<u>134,018</u>
<b>Expenditures</b>				
Administration	5,000	5,000	520	4,480
Construction	575,000	575,000	517,901	57,099
Street maintenance	950,000	1,000,000	761,619	238,381
Total expenditures	<u>1,530,000</u>	<u>1,580,000</u>	<u>1,280,040</u>	<u>299,960</u>
<b>Net Change in Fund Balance</b>	(549,350)	(484,350)	(50,372)	433,978
<b>Fund Balance - Beginning of year</b>	<u>1,273,799</u>	<u>1,273,799</u>	<u>1,273,799</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ 724,449</u>	<u>\$ 789,449</u>	<u>\$ 1,223,427</u>	<u>\$ 433,978</u>

# City of Novi, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2003

### Special Revenue - Parks, Recreation, and Forestry

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 965,000	\$ 965,000	\$ 970,207	\$ 5,207
Federal grants	164,750	164,750	177,172	12,422
State sources	-	-	19,700	19,700
Investment income	7,000	9,000	9,918	918
Recreation programs	794,189	834,189	897,234	63,045
Transfers in	454,373	454,373	454,373	-
Gift	3,000	3,000	1,470	(1,530)
Other	56,000	81,000	78,081	(2,919)
<b>Total revenues</b>	<b>2,444,312</b>	<b>2,511,312</b>	<b>2,608,155</b>	<b>96,843</b>
<b>Expenditures</b>				
Capital outlay	70,000	116,500	103,757	12,743
Recreational programs	1,610,720	1,715,620	1,671,287	44,333
Forestry and park maintenance	763,592	790,592	720,223	70,369
<b>Total expenditures</b>	<b>2,444,312</b>	<b>2,622,712</b>	<b>2,495,267</b>	<b>127,445</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(111,400)</b>	<b>112,888</b>	<b>224,288</b>
<b>Fund Balance - Beginning of year</b>	<b>363,843</b>	<b>363,843</b>	<b>363,843</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 363,843</b>	<b>\$ 252,443</b>	<b>\$ 476,731</b>	<b>\$ 224,288</b>

### Special Revenue - Police and Fire

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 3,571,000	\$ 3,571,000	\$ 3,591,814	\$ 20,814
Investment income	35,000	22,000	24,899	2,899
<b>Total revenues</b>	<b>3,606,000</b>	<b>3,593,000</b>	<b>3,616,713</b>	<b>23,713</b>
<b>Expenditures - Transfers out</b>	<b>2,945,200</b>	<b>3,095,000</b>	<b>3,055,607</b>	<b>39,393</b>
<b>Net Change in Fund Balance</b>	<b>660,800</b>	<b>498,000</b>	<b>561,106</b>	<b>63,106</b>
<b>Fund Balance - Beginning of year</b>	<b>203,863</b>	<b>203,863</b>	<b>203,863</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 864,663</b>	<b>\$ 701,863</b>	<b>\$ 764,969</b>	<b>\$ 63,106</b>

# City of Novi, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2003

### Special Revenue - Library

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 1,936,800	\$ 1,936,800	\$ 1,948,573	\$ 11,773
Federal grants	-	23,495	10,907	(12,588)
State sources	39,800	39,800	39,798	(2)
Fines and forfeitures	89,000	89,000	102,008	13,008
Investment income	25,000	25,000	18,049	(6,951)
Other	36,800	36,800	44,462	7,662
Total revenues	2,127,400	2,150,895	2,163,797	12,902
<b>Expenditures</b>				
Library programs	2,073,732	2,142,717	2,063,764	78,953
Capital outlay	109,800	52,420	8,438	43,982
Total expenditures	2,183,532	2,195,137	2,072,202	122,935
<b>Net Change in Fund Balance</b>	(56,132)	(44,242)	91,595	135,837
<b>Fund Balance - Beginning of year</b>	277,224	277,224	277,224	-
<b>Fund Balance - End of year</b>	<b>\$ 221,092</b>	<b>\$ 232,982</b>	<b>\$ 368,819</b>	<b>\$ 135,837</b>

# City of Novi, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2003

### Special Revenue - Drain Revenue

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 1,486,000	\$ 1,486,000	\$ 1,496,297	\$ 10,297
Federal grants	-	50,000	57,552	7,552
Special assessments	-	-	3,946	3,946
Investment income	25,000	47,000	83,635	36,635
Total revenues	<u>1,511,000</u>	<u>1,583,000</u>	<u>1,641,430</u>	<u>58,430</u>
<b>Expenditures</b>				
Administration	5,000	5,000	1,506	3,494
Construction	580,000	1,858,550	251,582	1,606,968
Street maintenance	500,000	605,000	612,352	(7,352)
Total expenditures	<u>1,085,000</u>	<u>2,468,550</u>	<u>865,440</u>	<u>1,603,110</u>
<b>Net Change in Fund Balance</b>	426,000	(885,550)	775,990	1,661,540
<b>Fund Balance - Beginning of year</b>	<u>3,230,094</u>	<u>3,230,094</u>	<u>3,230,094</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 3,656,094</b></u>	<u><b>\$ 2,344,544</b></u>	<u><b>\$ 4,006,084</b></u>	<u><b>\$ 1,661,540</b></u>



# City of Novi, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2003

### Special Revenue - Drain Perpetual Maintenance

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment income	\$ 90,000	\$ 125,000	\$ 158,257	\$ 33,257
Other	75,000	2,000	16,202	14,202
Total revenues	165,000	127,000	174,459	47,459
<b>Fund Balance - Beginning of year</b>	4,203,150	4,203,150	4,203,150	-
<b>Fund Balance - End of year</b>	<b>\$ 4,368,150</b>	<b>\$ 4,330,150</b>	<b>\$ 4,377,609</b>	<b>\$ 47,459</b>

### Special Revenue - Judgment Trust

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment income	\$ 5,000	\$ 5,000	\$ 12,161	\$ 7,161
Other	-	770,000	770,604	604
Transfers in	979,062	1,284,706	1,219,706	(65,000)
Total revenues	984,062	2,059,706	2,002,471	(57,235)
<b>Expenditures - Other</b>	1,679,062	2,754,706	2,694,502	60,204
<b>Net Change in Fund Balance</b>	(695,000)	(695,000)	(692,031)	2,969
<b>Fund Balance - Beginning of year</b>	701,217	701,217	701,217	-
<b>Fund Balance - End of year</b>	<b>\$ 6,217</b>	<b>\$ 6,217</b>	<b>\$ 9,186</b>	<b>\$ 2,969</b>

# City of Novi, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2003

### Special Revenue - Special Assessment Revolving

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment income	\$ 40,000	\$ 33,000	\$ 33,736	\$ 736
Bond proceeds	-	2,000,000	2,000,000	-
Total revenues	40,000	2,033,000	2,033,736	736
<b>Expenditures</b>				
Other	-	280,000	235,872	44,128
Payment to escrow agent	-	2,295,000	2,295,000	-
Total expenditures	-	2,575,000	2,530,872	44,128
<b>Net Change in Fund Balance</b>	40,000	(542,000)	(497,136)	44,864
<b>Fund Balance - Beginning of year</b>	2,417,894	2,417,894	2,417,894	-
<b>Fund Balance - End of year</b>	<b>\$ 2,457,894</b>	<b>\$ 1,875,894</b>	<b>\$ 1,920,758</b>	<b>\$ 44,864</b>

# City of Novi, Michigan

## Other Supplemental Information Agency Fund Statement of Changes in Assets and Liabilities June 30, 2003

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
<b><u>Agency Fund</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 8,547,950</u></b>	<b><u>\$ 109,016,927</u></b>	<b><u>\$ (108,198,844)</u></b>	<b><u>\$ 9,366,033</u></b>
<b>Liabilities</b>				
Due to other funds	\$ 13,502	\$ 2,466,927	\$ (2,480,429)	\$ -
Due to builders and developers	8,509,450	7,489,737	(6,658,153)	9,341,034
Due to schools and other governmental units	24,998	105,691,904	(105,691,903)	24,999
Total liabilities	<b><u>\$ 8,547,950</u></b>	<b><u>\$ 115,648,568</u></b>	<b><u>\$ (114,830,485)</u></b>	<b><u>\$ 9,366,033</u></b>

# City of Novi, Michigan

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## Capital Assets Used in the Operation of Governmental Funds Schedule by Source June 30, 2003

### Governmental Funds Capital Assets

Land	\$ 10,685,409
Infrastructure	114,747,007
Buildings	22,620,579
Machinery and equipment	<u>11,928,425</u>

Total general fixed assets **\$ 159,981,420**

### Investment in General Fixed Assets

Federal revenue-sharing	\$ 537,789
General Fund	19,235,094
Special Revenue Funds	66,382,850
Capital Projects Funds	<u>73,825,687</u>

Total investment in general fixed assets **\$ 159,981,420**

# City of Novi, Michigan

## Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity June 30, 2003

Function	Land	Infrastructure	Buildings	Machinery and Equipment	Total
General government	\$ 1,055,423	\$ -	\$ 3,094,405	\$ 1,283,413	\$ 5,433,241
Public safety - Police and fire	722,221	-	10,680,032	3,932,727	15,334,980
Public works	351,147	114,747,007	3,567,902	1,907,208	120,573,264
Recreation and culture	8,556,618	-	5,278,240	4,805,077	18,639,935
Total	<u>\$ 10,685,409</u>	<u>\$ 114,747,007</u>	<u>\$ 22,620,579</u>	<u>\$ 11,928,425</u>	<u>\$ 159,981,420</u>

# City of Novi, Michigan

## Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity June 30, 2003

Function	General Fixed Assets June 30, 2002	Additions	Deletions	General Fixed Assets June 30, 2003
General government	\$ 5,423,680	\$ 9,561	\$ -	\$ 5,433,241
Public safety - Police and fire	12,615,091	2,719,889	-	15,334,980
Public works	111,271,600	9,301,664	-	120,573,264
Recreation and culture	22,234,135	110,920	3,705,120	18,639,935
Total	<u>\$ 151,544,506</u>	<u>\$ 12,142,034</u>	<u>\$ 3,705,120</u>	<u>\$ 159,981,420</u>

## **Statistical Section**

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# City of Novi, Michigan

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Fiscal Year Ended June 30	Property Taxes	Licenses, Permits, and Charges for Services	Federal Grants	State Sources	Special Assessments
1994 (1)	\$ 13,210,126	\$ 1,392,594	\$ 63,248	\$ 3,991,580	\$ 913,146
1995	13,915,900	1,560,091	73,677	4,276,229	751,787
1996	14,763,820	1,757,040	312,059	4,356,804	1,197,184
1997	16,047,885	1,999,357	577,535	4,959,641	857,660
1998	18,165,370	2,007,549	715,828	6,102,520	1,078,981
1999	19,539,386	1,938,503	697,584	5,717,719	653,367
2000	20,500,719	2,249,562	477,059	6,461,107	341,631
2001	22,119,501	2,472,503	460,404	6,622,204	668,661
2002	24,295,219	2,394,190	820,901	7,104,544	1,109,137
2003	26,579,364	2,710,259	554,498	7,012,000	1,096,950

(1) As of June 30, 1994, in accordance with GASB No. 14, the Economic Development Corporation component unit is not included in the Special Revenue Funds category, and therefore is not included in this schedule.



**General Government Revenue by Source  
General, Special Revenue, and Debt Service Funds  
Last Ten Fiscal Years**

Fines and Forfeitures	Interest Income	Recreation Programs	Other	Total
\$ 209,923	\$ 1,161,938	\$ 591,212	\$ 644,218	\$ 22,177,985
237,438	1,462,947	567,406	662,971	23,508,446
275,160	1,829,733	594,197	1,034,972	26,120,969
336,128	1,942,496	698,880	933,798	28,353,380
328,868	1,883,393	691,244	938,311	31,912,064
295,938	2,009,949	683,289	793,229	32,328,964
355,851	1,760,716	696,555	1,949,344	34,792,544
350,737	3,117,031	676,415	708,108	37,195,564
359,760	2,596,888	758,648	1,639,060	41,078,347
384,847	2,418,398	897,234	2,070,395	43,723,945

## City of Novi, Michigan

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Fiscal Year Ended June 30	General Government	Police and Fire	Planning and Building	Street Maintenance	Recreational Programs
1994 (1)	\$ 3,250,735	\$ 6,266,937	\$ 1,136,479	\$ 1,074,394	\$ 1,169,234
1995	3,555,257	6,926,473	1,169,551	1,180,667	1,218,216
1996	3,598,380	7,628,648	1,314,833	1,204,969	1,286,444
1997	4,026,038	8,666,523	1,521,630	1,251,455	1,504,414
1998	4,535,814	8,829,481	1,503,742	1,392,594	1,609,127
1999	4,889,066	8,994,301	1,747,940	1,572,159	1,690,835
2000	5,141,271	9,368,829	1,614,238	1,645,265	1,777,934
2001	4,990,341	10,542,044	1,599,781	2,141,759	2,013,024
2002	5,679,800	11,036,958	2,062,633	2,228,811	2,121,361
2003	5,615,550	11,670,065	2,188,301	2,716,638	2,391,510

(1) As of June 30, 1994, in accordance with GASB No. 14, the Economic Development Corporation component unit is not included in the Special Revenue Funds category, and therefore is not included in this schedule.

**General Government Expenditures by Function  
General, Special Revenue, and Debt Service Funds  
Last Ten Fiscal Years**

Library	Capital Outlay	Debt Service	Other	Total
\$ 1,034,525	\$ 2,848,151	\$ 4,690,604	\$ 654,767	\$ 22,125,826
1,107,258	2,109,153	4,474,633	890,252	22,631,460
1,201,175	5,851,612	4,577,463	834,255	27,497,779
1,363,545	6,034,282	5,798,474	989,644	31,156,005
1,485,746	3,890,899	6,049,166	1,060,819	30,357,388
1,589,180	3,622,941	7,541,528	441,111	32,089,061
1,696,761	3,648,999	6,085,741	958,565	31,937,603
1,774,198	9,424,047	6,848,849	763,238	40,097,281
1,879,807	10,669,922	7,150,369	1,643,920	44,473,581
2,063,764	9,202,175	7,347,210	3,978,773	47,173,986

# City of Novi, Michigan

## General Fund Balance Compared to Annual Expenditures Last Ten Fiscal Years

Fiscal Year Ended June 30	Unreserved Fund Balance	Annual Expenditures	Unreserved Fund Balance as a Percentage of Expenditures
1994	\$ 2,639,360	\$ 11,301,972	23.35
1995	2,691,511	12,725,605	21.15
1996	2,733,119	13,333,557	20.50
1997	3,284,615	15,174,831	21.65
1998	3,748,548	16,024,538	23.39
1999	4,167,348	19,750,148	21.10
2000	2,581,745	20,800,541	12.41
2001	4,337,737	18,942,254	22.90
2002	4,651,976	21,405,614	21.73
2003	5,288,136	22,142,906	23.88

# City of Novi, Michigan

## Property Tax Levy and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Current Collections	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1994	\$ 13,416,875	\$ 12,818,324	96	\$ 598,551	\$ 13,416,875	100.00
1995	14,168,909	13,529,648	95	564,671	14,094,319	99.47
1996	14,664,188	14,113,485	96	519,006	14,632,491	99.78
1997	16,146,708	15,292,294	95	739,900	16,032,194	99.29
1998	18,169,203	17,444,048	96	608,640	18,052,688	99.36
1999	19,333,400	18,845,437	97	433,275	19,278,712	99.72
2000	20,464,295	19,851,494	97	519,156	20,370,650	99.54
2001	22,009,796	21,436,690	97	458,097	21,894,787	99.48
2002	24,039,024	23,477,124	98	427,871	23,904,995	99.40
2003	26,462,386	25,442,497	96	867,058	26,309,555	99.40

# City of Novi, Michigan

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## Computation of Legal Debt Margin Year Ended June 30, 2003

<b>Debt Limit - 2002 State equalized valuation</b>		<b><u>\$ 2,971,901,040</u></b>
Debt limit (10 percent of State equalized valuation)		\$ 297,190,104
<b>Debt Applicable to Debt Limit</b>		
Gross direct debt	\$ 116,350,835	
Less:		
Special assessment bonds	17,590,000	
Michigan Transportation Fund bonds	2,280,000	
Revenue bonds	<u>14,105,000</u>	
Total amount of debt applicable to limit		<u>82,375,835</u>
<b>Legal Debt Margin</b>		<b><u>\$ 214,814,269</u></b>

# City of Novi, Michigan

## Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures Last Ten Fiscal Years

Fiscal Year Ended June 30	Debt Service Requirements			Total General Expenditures (1)	Ratio of Debt Service Requirements to General Expenditures (Percent)
	Principal	Interest	Total		
1994	\$ 3,370,632	\$ 3,489,500	\$ 6,860,132	\$ 22,125,826	31.01
1995	3,892,828	3,845,000	7,737,828	22,631,460	34.19
1996	3,855,225	3,244,100	7,099,325	27,497,779	25.82
1997	4,186,229	3,164,500	7,350,729	31,156,005	23.59
1998	4,886,005	4,069,300	8,955,305	30,357,388	29.50
1999 (2)	4,666,533	2,755,186	7,421,719	32,089,061	23.13
2000 (2)	3,321,305	2,620,544	5,941,849	31,937,603	18.60
2001 (2)	3,748,592	2,967,415	6,716,007	40,097,281	16.75
2002 (2)	3,488,000	3,710,798	7,198,798	44,473,581	16.19
2003 (2)	3,155,999	2,454,397	5,610,396	47,173,986	11.89

(1) As of June 30, 1994, in accordance with GASB No. 14, the Economic Development Corporation component unit is not included in the Special Revenue Funds category, and therefore is not included in this schedule

(2) General Obligation Bonds reported in the Enterprise Funds and special assessment debt with government commitment have been excluded.

# City of Novi, Michigan

## Assessed and Estimated Actual Valuation of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Assessed Valuation	Personal Assessed Valuation	Total Valuation	Percent of True Value (1)
1994	\$ 1,188,763,400	\$ 110,119,000	\$ 1,298,882,400	50
1995 (2)	1,245,765,600	118,047,200	1,363,812,800	50
1996 (2)	1,327,835,950	122,690,750	1,450,526,700	50
1997 (2)	1,410,589,900	128,281,450	1,538,871,350	50
1998 (2)	1,508,542,210	137,200,350	1,645,742,560	50
1999 (2)	1,645,832,235	151,348,400	1,797,180,635	50
2000 (2)	1,773,657,340	166,509,250	1,940,166,590	50
2001 (2)	1,924,979,920	170,023,300	2,095,003,220	50
2002 (2)	2,105,598,380	174,797,790	2,280,396,170	50
2003 (2)	2,322,103,870	188,177,870	2,510,281,740	50

(1) In accordance with the 1970 State of Michigan Constitution, the assessed value is 50 percent of appraised or estimated value.

(2) Beginning in 1995, ad valorem millage is based on the taxable value rather than the State equalized valuation, and the increase in taxable value is capped at the lower of inflation or 5 percent subject to revaluation at sale of property.



# City of Novi, Michigan

## Property Tax Levies Last Ten Fiscal Years

Fiscal Year Ended June 30	State Education	School Tax (1)	City Tax	County Tax	Community Colleges (2)	Total
1994	\$ -	\$ 47,578,847	\$ 13,416,875	\$ 6,380,278	\$ 1,535,708	\$ 68,911,708
1995	8,129,286	23,649,312	14,168,909	6,721,738	1,394,152	54,063,397
1996	8,654,486	26,329,291	14,664,188	7,150,083	2,433,819	59,231,867
1997	9,233,228	27,569,930	16,009,494	7,460,448	2,599,900	62,873,000
1998	9,874,455	30,079,461	17,985,004	7,937,794	2,782,731	68,659,445
1999	10,783,084	33,061,850	19,333,350	8,368,392	3,031,778	74,578,454
2000	11,640,999	34,007,696	20,464,295	9,026,043	3,244,448	78,383,481
2001	12,527,394	40,292,210	22,009,796	9,709,823	3,454,344	87,993,567
2002	13,682,377	45,441,051	24,039,024	10,589,704	3,739,441	97,491,597
2003	15,061,690	49,737,503	26,462,386	11,678,583	4,134,294	107,074,456

(1) Includes the Novi, Northville, South Lyon, and Walled Lake School Districts. Beginning with fiscal year ended June 30, 2001, also includes Oakland and Wayne County Intermediate Schools.

(2) Represents taxes levied for Oakland Community College and Schoolcraft College

# City of Novi, Michigan

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City of Novi								
Fiscal Year Ended June 30	General Fund	Municipal Street	Police and Fire	Parks and Recreation	Drain Revenue	Library	Debt Service	Total
1994	3.9442	.7102	1.5097	0.3740	0.7102	0.7884	2.3695	10.4062
1995	3.9229	.7064	1.4960	0.3720	0.7037	0.7841	2.3692	10.3543
1996	3.8715	.6971	1.5097	0.3671	0.6945	0.8160	2.2103	10.1662
1997	4.1215	.6971	1.5097	0.4080	0.6945	0.8160	2.1566	10.4034
1998	4.1215	.6945	1.5084	0.4077	0.6945	0.8153	2.6863	10.9282
1999	4.1215	.6945	1.5032	0.4063	0.6945	0.8125	2.5251	10.7576
2000	4.1215	.6815	1.4780	0.3995	0.6005	0.7989	2.4678	10.5477
2001	4.1215	.6815	1.4567	0.3937	0.6005	0.7874	2.5003	10.5416
2002	4.4485	.6815	1.4443	0.3902	0.6005	0.7806	2.1960	10.5416
2003	4.4551	.7791	1.4416	0.3894	0.6005	0.7791	2.0968	10.5416

**Property Tax Rates - Direct and Overlapping Government  
(Per \$ 1,000 of Assessed Value)  
Last Ten Fiscal Years**

Overlapping Government							
Novi Schools		South Lyon Schools		Walled Lake Schools		Northville Schools	
Homestead	Nonhomestead	Homestead	Nonhomestead	Homestead	Nonhomestead	Homestead	Nonhomestead
34.2125	34.2125	40.5720	40.5720	39.3866	39.3866	33.7953	33.7953
10.3360	22.8460	5.8800	23.8800	8.6566	22.8460	7.2960	25.2960
11.2900	23.8000	5.8800	23.8800	8.7816	22.6500	4.3000	22.3000
11.2900	23.9000	6.2500	24.2500	9.4772	23.6500	4.2000	22.2000
11.1783	23.7000	11.7283	24.2500	8.4399	23.1000	6.5050	24.5050
11.1213	23.8950	8.1500	26.0024	8.1074	22.8000	6.0000	24.0000
10.6785	23.6208	8.0000	25.8524	7.8520	22.8000	5.5000	23.5000
10.3582	23.2663	8.0000	25.8524	8.0982	23.1000	5.0000	23.0000
12.1574	25.6000	8.0000	26.0000	7.9538	23.1000	5.0500	23.0500
11.6782	25.3453	8.0000	26.0000	7.4728	22.9884	4.7800	22.7800

# City of Novi, Michigan

## Property Tax Rates - Direct and Overlapping Government (Per \$1,000 of Assessed Value) Last Ten Fiscal Years (Continued)

Fiscal Year Ended June 30	Oakland County	Oakland Community College	Schoolcraft Community College	Oakland Intermediate Schools	Wayne Intermediate Schools	State Education
1994	4.9480	1.0522	1.8821	2.1294	1.9971	-
1995	4.9480	0.8522	1.8751	2.1294	1.9971	6.0000
1996	4.9480	1.6522	1.8521	2.1294	1.9971	6.0000
1997	4.8480	1.6522	1.8521	2.1294	1.9971	6.0000
1998	4.8180	1.6522	1.8521	2.1294	1.9971	6.0000
1999	4.6564	1.6456	1.8521	2.1208	1.9971	6.0000
2000	4.6522	1.6295	1.8440	2.0998	1.9974	6.0000
2001	4.6478	1.6109	1.8311	2.0752	1.9789	6.0000
2002	4.6438	1.5952	1.8195	3.4526	1.9753	6.0000
2003	4.6523	1.6090	1.8043	3.4224	3.4643	6.0000

# City of Novi, Michigan

## Principal Taxpayers 2003 State Equalized Valuation

Company Name	Product/Service	Total Assessed Valuation	Percent of Total City Valuation
Singh	Apartment complex	\$ 54,227,200	1.70
Taubman (Twelve Oaks Mall Ltd. Part.)	Regional mall	53,404,710	1.67
Fountain Walk	Retail shopping center	34,788,700	1.09
Northern Equities	Land holdings	34,726,950	1.09
Occidental Development Ltd.	Property management	33,032,100	1.03
DTE Energy	Public utility	29,393,440	0.92
Toll Silverman	Property management	25,267,150	0.79
Solomon Properties	Property management	21,940,050	0.69
Providence Hospital	Medical center	19,618,600	0.61
MI Development - MAGNA	Office center	18,260,880	0.57
Target Corporation	Retail shopping center	17,276,550	0.54
Aetna Rei 4226 Novi Town Center	Retail shopping center	17,115,050	0.54
Ramco Novi I Co.	Retail shopping center	16,523,550	0.52
JFK Investment	Property management	16,027,600	0.50
Evergreen III	Property management	14,878,250	0.47
Northwestern Mutual	Office center	14,038,560	0.44
Consumers Energy	Public utility	12,419,310	0.39
Novi Hilton	Hotel	11,945,050	0.37
Brownstones	Apartment complex	10,635,850	0.33
Pavillion Court	Apartment complex	10,165,200	0.32
<b>Total</b>		<b>\$ 465,684,750</b>	<b>14.57</b>

# City of Novi, Michigan

## Ratio of General Obligation Bonded Debt to Assessed Value and General Obligation Bonded Debt per Capita Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value	Estimated Population	General Obligation Debt Outstanding (1)	Ratio of General Obligation Debt to Assessed Value	General Obligation Debt per Capita
1994	\$ 1,298,888,400	33,000	\$ 36,380,000	2.80	\$ 1,102.42
1995	1,363,812,800	40,500	34,895,000	2.56	861.60
1996	1,478,398,350	40,500	36,225,000	2.45	894.44
1997	1,584,646,400	40,500	45,495,000	2.87	1,123.33
1998	1,712,728,050	40,500	51,105,000	2.98	1,261.85
1999	1,922,625,050	40,500	52,140,000	2.71	1,287.41
2000	2,274,361,800	47,386	49,500,000	2.18	1,044.61
2001	2,440,876,450	47,386	56,335,000	2.31	1,188.85
2002	2,677,663,040	47,386	51,325,000	1.92	1,083.13
2003	2,971,901,040	47,386	55,595,000	1.87	1,173.24

(1) Amount does not include special assessment bonds, revenue bonds, contractual obligations, building authority bonds, and general obligation bonds that are being repaid by Enterprise Funds

# City of Novi, Michigan

## Building Permits at Estimated Market Value Last Ten Years

Year Ended June 30	Residential		Commercial		Industrial		Grand Total
	Number	Estimated Value	Number	Estimated Value	Number	Estimated Value	
1993	1,410	\$ 66,034,350	48	\$ 6,304,907	-	\$ -	\$ 72,339,257
1994	1,400	79,425,887	42	10,363,084	-	-	89,788,971
1995	1,230	78,902,610	160	24,901,588	-	-	103,804,198
1996	1,423	83,165,492	197	39,910,222	3	1,970,600	125,046,314
1997	1,068	61,534,342	174	37,679,916	4	3,457,457	102,671,715
1998	1,365	50,148,700	147	57,587,500	-	-	107,736,200
1999	814	42,495,479	174	42,404,351	8	7,855,432	92,755,262
2000	988	91,702,934	70	46,020,904	7	5,733,164	143,457,002
2001	850	69,140,482	70	60,227,021	11	23,777,020	153,144,523
2002	846	127,159,738	81	59,036,797	8	6,577,337	192,773,872

# City of Novi, Michigan

## Computation of Direct and Overlapping Debt November 2, 2001

Jurisdiction	General Bonded Debt Outstanding	Percent Applicable to Novi Taxpayers	Amount Applicable to Novi Taxpayers
City of Novi			
Direct debt:			
General Obligation Bonds (Unlimited Tax)	\$ 55,595,000		\$ 55,595,000
Building Authority Bonds	22,850,000		22,850,000
Special Assessment (General Obligation) Bonds	17,590,000		17,590,000
Michigan Transportation Fund Bonds	2,280,000		2,280,000
Revenue Bonds	14,105,000		14,105,000
Installment Purchase Contracts and Agreements	97,000		97,000
Share of County-issued Bonds:			
Sewer	3,825,000		3,825,000
Drain	8,835		8,835
	<u>116,350,835</u>		<u>116,350,835</u>
Less: Special Assessment Bonds	17,590,000		17,590,000
Michigan Transportation Fund Bonds	2,280,000		2,280,000
Revenue Bonds	<u>14,105,000</u>		<u>14,105,000</u>
Total net direct debt	82,375,835	100.00	82,375,835
Overlapping:			
Novi School District	141,593,000	99.95	141,522,204
Northville School District	87,090,000	20.48	17,836,032
Walled Lake School District	205,920,000	9.46	19,480,032
South Lyon School District	176,200,000	0.97	1,709,140
Oakland County	76,893,544	4.95	3,806,230
Oakland Intermediate School District	350,000	4.23	14,805
Oakland Community College	<u>12,895,000</u>	4.01	<u>517,090</u>
Total direct and overlapping debt	<u>\$ 783,317,379</u>		<u>\$ 267,261,367</u>



# City of Novi, Michigan

## Demand and Savings Deposits Last Ten Fiscal Years

Fiscal Year Ended June 30 (2)	Deposits in Thousands (1)		
	Banks	Savings and Loans	Grand Total
1993	\$ 379,719	\$ 51,039	\$ 430,758
1994	398,724	58,148	456,872
1995	428,421	66,006	494,427
1996	471,959	70,383	542,342
1997	558,550	80,833	639,383
1998	637,577	75,240	712,817
1999	509,118	85,594	594,712
2000	481,233	89,136	570,369
2001	462,917	101,145	564,062
2002	511,467	-	511,467

(1) Deposit information is from FDIC data contained in Branch Directory summaries of deposits.

(2) Information for 2003 was not available at time of printing

# City of Novi, Michigan

## Demographic Statistics Last Ten Years

Year Ended December 31	Estimated Population	Number of Households	Median Household Income	Unemployment Rate
1993	33,000	15,310	*	4.5
1994	33,000	15,735	*	3.3
1995	40,500	16,402	\$ 52,289	2.7
1996	40,500	*	*	2.4
1997	40,500	*	61,401	2.0
1998	40,500	*	*	1.9
1999	40,500	18,843	*	1.8
2000	47,386	19,426	47,518	1.6
2001	47,386	*	*	2.9
2002	47,386	20,573	*	3.5

\* Not available

\*\* Source: Southeast Michigan Council of Governments  
U.S. Bureau of Labor Statistics

# City of Novi, Michigan

## Miscellaneous Statistical Data June 30, 2003

<b>Streets and Sidewalks</b>		<b>Parks and Recreation</b>	
Miles of City streets:		Acres	840
Primary	32	Locations	9
Secondary	159	Youth classes/clinics	250
Estimated sidewalks in miles	41	Adult classes/clinics	300
Bridges	4	Youth leagues	3,732
Street lights	400	Adult leagues	2,640
		Summer day camp	420
		Lakeshore Park vehicle entry	3,850
		Lakeshore Park attendance	8,740
		Lakeshore Park picnic shelter rental	79
		Senior citizens served	90,700
		Special event attendance	8,813
		Civic Center Rentals	2,807
		Civic Center Attendance	89,070
		Novi Theaters - Cast	821
		Novi Theaters - Audience	8,005
		After School Recreation Program	N/A
<b>Fire Protection</b>		<b>Police Protection</b>	
Stations	5	Part A crimes (1)	2,509
Fire incidents	154	Part B crimes (2)	1,681
Service incidents	1,215	Injury accidents	281
Fire inspections conducted	3,054	Property damage	2,146
Medical emergencies	2,083	Moving traffic violations	6,161
Paid-on-call staff	60	Parking violations	542
		Adult arrests	1,541
		Juvenile arrests	227
		OUIL arrests	306
		False alarms	2,554
<b>Water and Sewer Services</b>		<b>Library</b>	
Customers:		Items circulated	400,441
Residential	12,504	Book collections	107,236
Commercial	1,020	Audio/Video/CD collections	10,042
Miles of water mains	180	Periodical subscriptions	189
Miles of sanitary sewers		Requests of Information	88,873
Fire hydrants		Youth Summer Reading	1,547
Water (in thousand gallons):		Program participants	23,342
Purchased from Detroit	2,204,351		
Sold to residents	2,099,575		
Rates:			
Minimum 7,000 gallons	\$ 27.00		
Additional usage at \$2.48 per 1,000 gallons			
Sewer (per thousand gallons of water usage)	\$ 1.75		
<b>Election Data (11/16/01 General)</b>			
Registered voters	30,428		
Voters at polls	13,814		
Absentee ballots	2,742		
Percent voting	54.41%		

(1) Murder, negligent homicide, crim. sexual conduct, robbery, assault, burglary, larceny, arson, motor vehicle theft, embezzlement, drug laws, gambling

(2) Fraud, OUIL liquor laws, disorderly conduct, family trouble, etc.