

City of
Northville
Michigan

Financial Report
with Supplementary Information

June 30, 2023

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Independent Auditor's Report

To the Mayor and Members of the City Council
City of Northville, Michigan

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Northville, Michigan (the "City") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Mayor and Members of the City Council
City of Northville, Michigan

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moreau, PLLC

November 2, 2023

The following discussion and analysis of the financial performance of the City of Northville, Michigan (the "City") provides an overview of the City's financial activities for the fiscal year ended June 30, 2023.

Financial Highlights

Governmental assets and deferred outflows exceeded liabilities and deferred inflows by \$40.2 million, an 8.9 percent increase from the prior year. For business-type activities, net position increased by approximately \$1.38 million, or 19.4 percent.

Property tax revenue increased by 4.9 percent from the prior year, and it continues to be the City's single largest source of revenue at approximately 54 percent of total governmental revenue. The City's millage generated approximately \$5.8 million to support General Fund operations; \$723,000 for street, drainage, and sidewalk improvements; and \$351,000 for debt service. The Downtown Development Authority captured approximately \$470,000 in taxes from the City. The City levies its maximum allowable millage, which has been constrained by Headlee over the years.

Federal grant funding of \$685,000 was received during the fiscal year primarily from the Coronavirus Local Fiscal Recovery Fund under the American Rescue Plan Act (ARPA). The ARPA funding was spent on replacing the Lake Street watermain. The remaining federal grant funding was for public safety, elections, planning, and senior housing.

As of December 31, 2022, the net pension liability was \$4 million, and the plan's fiduciary net position was 81.5 percent of the total pension liability. This differs from the valuation funded percentage of 92 percent. This is due to MERS smoothing the assets, which spreads out each year's investment gains or losses over five years. Therefore, the valuation funded percentage is based upon actuarial value while the financial statements are based upon market value. There are 74 participants in the plan, 3 of whom are active. That is down from 75 participants in the prior year. The Parks and Recreation Commission has its own separate divisions within this plan and is reporting a net pension asset of \$183,830.

As of December 31, 2022, the net other postemployment benefits (OPEB) asset was approximately \$1.5 million for the City. The plan is 115 percent funded and has 10 actives and 72 retirees or beneficiaries. The Parks and Recreation Commission has its own separate trust and plan administered by the City.

Funds have been set aside in the amount of approximately \$462,000 to fund the accumulated compensated absences liability. This represents accumulated vacation, sick, and compensation time earned by employees.

Long-term governmental debt obligations are \$2.4 million. There are two general obligation debt issues outstanding: the streetscape improvement bonds, which mature in fiscal year 2025, and the street improvement bonds, which mature in fiscal year 2029. Allen Terrace made final payment on the renovation bonds this year. There is one outstanding installment purchase agreement, which is a 10-year obligation jointly shared with the City of Plymouth, Michigan.

The advance from the General Fund to the Water and Sewer Fund to fund the meter replacement program in 2020 has a principal balance of \$368,500. This loan will be paid off in November 2026.

The net investment in capital assets was approximately \$25.6 million for governmental funds and \$6.9 million for business-type activities.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

City of Northville, Michigan

Management's Discussion and Analysis (Continued)

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as trustee or agent for the benefit of those outside of the City.

The City's Net Position

The following tables show, in a condensed format, the current year's net position compared to the two prior years:

	Governmental Activities				Percent Change
	2021	2022	2023	Change	
Assets					
Current and other assets	\$ 18,101,979	\$ 21,202,685	\$ 21,106,661	\$ (96,024)	(0.5)
Capital assets	27,100,648	26,625,174	25,662,587	(962,587)	(3.6)
Total assets	45,202,627	47,827,859	46,769,248	(1,058,611)	(2.2)
Deferred Outflows of Resources -					
Related to pensions and OPEB	1,160,341	951,967	3,419,536	2,467,569	259.2
Liabilities					
Current liabilities	1,748,372	2,618,759	1,404,002	(1,214,757)	(46.4)
Noncurrent liabilities:					
Due within one year	719,906	800,793	721,261	(79,532)	(9.9)
Due in more than one year	7,792,963	4,923,523	5,617,947	694,424	14.1
Total liabilities	10,261,241	8,343,075	7,743,210	(599,865)	(7.2)
Deferred Inflows of Resources -					
Related to pensions and OPEB	1,283,572	2,940,730	1,617,167	(1,323,563)	(45.0)
Net Position					
Net investment in capital assets	23,498,648	23,600,174	23,225,587	(374,587)	(1.6)
Restricted	2,151,565	1,403,749	1,479,759	76,010	5.4
Unrestricted	9,167,942	12,492,098	16,123,061	3,630,963	29.1
Total net position	<u><u>\$ 34,818,155</u></u>	<u><u>\$ 37,496,021</u></u>	<u><u>\$ 40,828,407</u></u>	<u><u>\$ 3,332,386</u></u>	8.9

Management's Discussion and Analysis (Continued)

	Business-type Activities				Percent Change
	2021	2022	2023	Change	
Assets					
Current and other assets	\$ 1,447,676	\$ 1,465,191	\$ 2,101,391	\$ 636,200	43.4
Capital assets	6,975,260	6,657,412	6,945,060	287,648	4.3
Total assets	8,422,936	8,122,603	9,046,451	923,848	11.4
Deferred Outflows of Resources -					
Related to pensions and OPEB	146,316	115,174	407,229	292,055	253.6
Liabilities					
Current liabilities	1,058,931	401,850	345,668	(56,182)	(14.0)
Noncurrent liabilities:					
Due within one year	7,140	16,315	21,338	5,023	30.8
Due in more than one year	550,595	280,601	429,201	148,600	53.0
Total liabilities	1,616,666	698,766	796,207	97,441	13.9
Deferred Inflows of Resources	193,619	396,039	129,799	(266,240)	(67.2)
Net Position					
Net investment in capital assets	6,975,260	6,657,412	6,945,060	287,648	4.3
Unrestricted	(216,293)	485,560	1,582,614	1,097,054	225.9
Total net position	<u>\$ 6,758,967</u>	<u>\$ 7,142,972</u>	<u>\$ 8,527,674</u>	<u>\$ 1,384,702</u>	19.4

Governmental Activities

Overall, the City's net position of governmental activities increased by \$3.3 million, or 8.9 percent, from a year ago.

The decrease in current liabilities was due to two factors: the timing of accounts payable in the Major and Local Street funds for improvement projects and the recognition of unearned revenue of grant funds in the prior year.

The changes in deferred inflows and outflows are directly related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The changes are related to the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, the difference between projected and actual experience, and changes in assumptions.

Business-type Activities

The City's business-type activities consist of the Water and Sewer and Refuse and Recycling funds. The City maintains transmission lines that allow customers to receive water from the Great Lakes Water Authority and deliver it to their residents. In addition, a water tower is operated and maintained to supplement water pressure during periods of peak water demand. Sewage treatment is provided through Wayne County, Michigan's Rouge Valley Sewage Disposal System. Refuse collection and recycling services are provided by an outside commercial entity.

The increase in total net position of 19.4 percent was expected for the following reasons:

The increase in net assets was due to an accumulation of cash for projects planned for the current year that will be completed next fiscal year and investment in capital assets for the current year.

The changes in deferred inflows and outflows are directly related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The changes are related to the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, the difference between projected and actual experience, and changes in assumptions.

City of Northville, Michigan

Management's Discussion and Analysis (Continued)

The change in current liabilities fluctuates annually due to timing of accounts payable at year end. The increase in noncurrent liabilities is due to an increase in accumulated compensated absences.

The City's Changes in Net Position

The following tables show the changes in net position during the current year as compared to the two prior years:

	Governmental Activities				Percent Change
	2021	2022	2023	Change	
Revenue					
Program revenue:					
Charges for services	\$ 2,428,546	\$ 2,514,526	\$ 2,974,657	\$ 460,131	18.3
Operating grants and contributions	834,112	355,188	355,948	760	0.2
Capital grants and contributions	766,180	199,830	188,816	(11,014)	(5.5)
General revenue:					
Property taxes	6,639,014	6,800,097	7,134,311	334,214	4.9
State-shared revenue and grants	1,313,510	1,478,942	1,531,392	52,450	3.5
Investment income (loss)	92,832	(275,989)	387,686	663,675	240.5
Other revenue:					
Racetrack breakage	189,558	202,719	152,640	(50,079)	(24.7)
Sale of capital assets	9,000	7,125	11,685	4,560	64.0
Other miscellaneous revenue	153,206	338,278	400,527	62,249	18.4
Total revenue	12,425,958	11,620,716	13,137,662	1,516,946	13.1
Expenses					
General government	2,258,600	1,817,702	2,559,475	741,773	40.8
Public safety	3,240,671	3,129,824	2,849,636	(280,188)	(9.0)
Public works	2,410,721	2,788,910	3,283,469	494,559	17.7
Senior housing	683,008	944,266	788,228	(156,038)	(16.5)
Recreation and culture	256,593	168,392	247,148	78,756	46.8
Interest on long-term debt	109,765	93,756	77,320	(16,436)	(17.5)
Total expenses	8,959,358	8,942,850	9,805,276	862,426	9.6
Change in Net Position	3,466,600	2,677,866	3,332,386	654,520	24.4
Net Position - Beginning of year	31,351,555	34,818,155	37,496,021	2,677,866	7.7
Net Position - End of year	\$ 34,818,155	\$ 37,496,021	\$ 40,828,407	\$ 3,332,386	8.9
	Business-type Activities				Percent Change
	2021	2022	2023	Change	
Revenue					
Program revenue:					
Charges for services	\$ 4,127,845	\$ 4,162,620	\$ 4,474,284	\$ 311,664	7.5
Capital grants	-	-	626,119	626,119	100.0
General revenue - Investment income (loss)	4,786	(18,907)	21,727	40,634	214.9
Total revenue	4,132,631	4,143,713	5,122,130	978,417	23.6
Operating Expenses	3,773,264	3,759,708	3,737,428	(22,280)	(0.6)
Change in Net Position	359,367	384,005	1,384,702	1,000,697	260.6
Net Position - Beginning of year	6,399,600	6,758,967	7,142,972	384,005	5.7
Net Position - End of year	\$ 6,758,967	\$ 7,142,972	\$ 8,527,674	\$ 1,384,702	19.4

Governmental Activities

Governmental revenue increased by 13.1 percent and total expenses increased by 9.6 percent from the prior year. The investment income increase is due to higher interest rates and the recognition of market changes in investments that are required to be recorded. The increase in charges for services revenue and general government expenditures were both directly related costs associated with the Northville Downs project and the reimbursement of those costs by the developer. Most of the changes in public safety, public works, and senior housing were due to capital purchases or improvement projects.

Business-type Activities

Net position in the business-type activities increased by 19.4 percent. Of the \$8.5 million in net position, \$6.9 million is invested in capital assets. Revenue was significantly higher than normal due to ARPA funds received to pay for a watermain replacement on Lake Street.

The City's Funds

The presentation of the City's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as dedicated property tax millages. The City's major governmental funds for fiscal year 2023, as defined by Governmental Accounting Standards Board Statement No. 34, are the following:

- General Fund
- Public Improvement Fund
- Local Streets Fund
- Fire Equipment Replacement Fund
- Parking Fund

General Fund Budgetary Highlights

The General Fund accounts for all police, fire, public works, planning and zoning, and administrative functions of the city government. The budget is essentially a maintenance budget, which means it increases modestly from year to year. The budget is monitored closely and amended quarterly.

Due to financial reporting changes required by GASB Statement No. 54 in fiscal year 2011, the Interfund Investment Pool Fund, the Sustainability Revolving Fund, and the Payroll Fund are included with the General Fund for financial reporting purposes. The Payroll Fund accounts for the activity related to employee fringe benefit costs. The Interfund Investment Pool Fund accounts for investment activity. The Sustainability Revolving Fund was a new fund to accumulate and finance future sustainability projects. Previously, the Street, Drainage, and Sidewalk Improvement Fund was included with the General Fund for reporting purposes. That fund is now reported as a special revenue fund.

The General Fund pays for most of the City's governmental services. The most significant category is the police department, which represents 36 percent of total General Fund expenditures, which is down from 42 percent in the prior year.

Shared services contributions account for 2.8 percent of total expenditures. Contributions from both the City of Northville, Michigan and Northville Township provide funding for parks and recreation activities, senior adult services, and the youth assistance program.

An additional contribution of \$550,000 from the General Fund was made into the pension plan. This partially helped bring the funded percentage up from 89 percent to 92 percent (per the valuation) in one year.

Transfers from the General Fund to other funds are committed for future capital needs or to support operations of other funds.

Property values continue to be stable in the City. Property taxes represent 64 percent of General Fund revenue.

For financial reporting purposes, the General Fund was budgeted to increase fund balance by approximately \$125,000 due to changes in the MMRMA Retention Fund. However, it increased by \$316,000. The increase was made up of \$144,000 in the MMRMA Retention Fund and \$172,000 in the General Fund.

Other Major Funds Highlights

The Public Improvement Fund accounts for racetrack breakage revenue and special public improvement projects. Annually, the Northville City Council commits breakage funds received in excess of police and fire service costs at Northville Downs racetrack. The allocation of those funds is generally for physical improvements or programs that are of a general public nature. Breakage revenue decreased by 25 percent from the prior year. The City received a distribution from MMRMA for \$101,754. That money was deposited into this fund to provide additional resources for the future Fort Griswold replacement at Ford Field. Planning was a big component of the activity in this fund, which included the commencement or completion of the Ford Field Master Plan, Pedestrian Plan Design, Pedestrian & Traffic Plan, and update to the Non-Motorized Plan.

The Local Streets Fund records revenue received from the gasoline tax through the State of Michigan under Act 51. Lake Street was improved during the fiscal year, as well as engineering for Yerkes and Orchard Drive.

The Parking Fund accumulates special assessment revenue through parking credits to pay for maintenance and improvements to the parking lots and decks. The Downtown Development Authority also contributes to this fund. There were not any improvement projects undertaken during the fiscal year.

The Fire Equipment Replacement Fund sets aside funds to meet the needs of capital equipment in the fire department over the next 20 years. The self-contained breathing apparatus filling station was replaced at Station 1.

Capital Assets and Debt Administration

At the end of fiscal year 2023, the City had approximately \$33 million invested in a broad range of capital assets, including land and buildings, police and fire equipment, infrastructure, and water and sewer lines, net of depreciation.

The City continues to collect a dedicated millage approved by the voters in March 1997 for comprehensive improvements to streets, drains, and sidewalks. The focus of the related capital project spending continues to be in conjunction with a 20-year improvement plan, which is reviewed on an ongoing basis.

The City utilizes a Fire Equipment Replacement Fund and a Police Equipment Replacement Fund. These funds allow for the purchase of equipment following a 20-year replacement program to keep equipment up to date and meet current standards. A pay-as-you-go system is utilized.

Public works vehicles and equipment are paid for using equipment rental revenue. Improvements for Allen Terrace are funded by tenant rents and accumulated in a capital outlay fund until specific projects are identified.

The total principal debt outstanding at the end of the year related to governmental activities was approximately \$3 million. This represents less than 1 percent of the City's state equalized value (SEV). The City is significantly under the legal debt margin, as defined by state statute, of 10 percent of SEV.

Economic Factors and Next Year's Budgets and Rates

The impact of inflation on the City continues to be monitored. City Council has identified many priorities that are desired to be undertaken but are unbudgeted. The primary goal of City Council is financial sustainability. Therefore, thoughtful consideration should be given as to the availability of the funding sources and timing of the projects.

The net taxable value of the City, net of the DDA, increased by 7.3 percent for the next fiscal year. The City's operating millage remained the same at 13.0182 mills and the millage for streets, drainage, and sidewalk improvements remained at 1.6216 in fiscal year 2024. The City no longer has any unlevied millage available.

The racetrack will cease operations in January 2024. Therefore, this revenue source will be eliminated. That revenue assisted funding of police and fire equipment and special public improvement projects.

The City provides fire prevention, fire suppression, and emergency medical services to the City of Plymouth, Michigan. The City of Plymouth, Michigan will reimburse 63 percent of the costs to the City of Northville, Michigan, up from 62 percent in the prior year.

The water and sewer rate structure is set up to cover the Great Lakes Water Authority water costs; Wayne County, Michigan sewage disposal costs; capital improvements; and increased operational and maintenance costs. The City increased the combined water and sewer rate from \$19.38 to \$20.70 per unit, or 6.8 percent, effective July 1, 2023. A rate study will be performed in late 2023.

The Housing Commission increased the rent at Allen Terrace, an independent senior citizen apartment community, by 3.5 percent, from \$765 to \$792, for the one-bedroom apartments. The cost of rent includes all utilities.

As the Northville Downs project commences, building permit revenue is expected to be higher, offsetting higher building department costs.

A cost allocation plan will be completed, which will affect the overhead charges from the General Fund to other funds.

All departments will continue to evaluate how to maintain a high level of service to the citizens while containing costs. Containing rising health care and pension costs will continue to be a high priority of administration. Additional contributions in an attempt to reduce the unfunded pension liability will be made when funding is available.

Contacting the City's Management

This financial report is intended to provide the citizens, taxpayers, customers, and investors with a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the City's finance office at 215 West Main Street, Northville, MI 48167 or via the City's website at www.ci.northville.mi.us.

Statement of Net Position

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 15,629,930	\$ 1,377,673	\$ 17,007,603	\$ 502,190
Receivables:				
Property taxes receivable	3,109	-	3,109	-
Special assessments receivable	246,370	-	246,370	-
Customer receivables	70	1,161,170	1,161,240	-
Accrued interest receivable	3,174	-	3,174	-
Leases receivable	676,174	-	676,174	-
Other receivables	196,094	52,433	248,527	52,718
Due from other governmental units	428,625	-	428,625	700
Due from component units (Note 6)	1,871	-	1,871	-
Internal balances	801,758	(801,758)	-	-
Inventory	106,351	128,097	234,448	-
Prepaid expenses and other assets	594,006	8,089	602,095	17,925
Investment in joint ventures (Note 12)	863,099	-	863,099	-
Land held for resale	225,000	-	225,000	-
Net OPEB asset (Note 10)	1,331,030	175,687	1,506,717	-
Capital assets: (Note 5)				
Assets not subject to depreciation	3,859,408	31,581	3,890,989	-
Assets subject to depreciation - Net	21,803,179	6,913,479	28,716,658	-
Total assets	46,769,248	9,046,451	55,815,699	573,533
Deferred Outflows of Resources				
Deferred pension costs (Note 8)	2,580,828	296,525	2,877,353	-
Deferred OPEB costs (Note 10)	838,708	110,704	949,412	-
Total deferred outflows of resources	3,419,536	407,229	3,826,765	-
Liabilities				
Accounts payable	502,802	331,550	834,352	71,999
Due to other governmental units	97	-	97	-
Due to primary government (Note 6)	-	-	-	1,871
Refundable deposits, bonds, etc.	294,456	515	294,971	-
Accrued liabilities and other	594,799	13,603	608,402	10,818
Unearned revenue	11,848	-	11,848	21,200
Noncurrent liabilities:				
Due within one year (Note 7)	721,261	21,338	742,599	59,192
Due in more than one year:				
Compensated absences - Net of current portion (Note 7)	260,485	35,168	295,653	-
Net pension liability (Note 8)	3,429,462	394,033	3,823,495	-
Long-term debt (Note 7)	1,928,000	-	1,928,000	-
Total liabilities	7,743,210	796,207	8,539,417	165,080
Deferred Inflows of Resources				
Deferred OPEB cost reductions (Note 10)	983,370	129,799	1,113,169	-
Leases	633,797	-	633,797	-
Total deferred inflows of resources	1,617,167	129,799	1,746,966	-
Net Position				
Net investment in capital assets	23,225,587	6,945,060	30,170,647	-
Restricted:				
Roads, streets, drainage, and sidewalk improvements	1,360,233	-	1,360,233	-
Police forfeitures	115,417	-	115,417	-
Debt service	422	-	422	-
PEG fees	3,687	-	3,687	-
Unrestricted	16,123,061	1,582,614	17,705,675	408,453
Total net position	\$ 40,828,407	\$ 8,527,674	\$ 49,356,081	\$ 408,453

City of Northville, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,559,475	\$ 964,499	\$ 189,149	\$ 47,310
Public safety	2,849,636	775,427	13,909	98,158
Public works	3,283,469	296,920	152,790	16,348
Senior housing	788,228	937,811	100	27,000
Recreation and culture	247,148	-	-	-
Interest on long-term debt	77,320	-	-	-
Total governmental activities	9,805,276	2,974,657	355,948	188,816
Business-type activities:				
Water and Sewer	3,071,027	3,787,753	-	626,119
Refuse & Recycling Fund	666,401	686,531	-	-
Total business-type activities	3,737,428	4,474,284	-	626,119
Total primary government	<u>\$ 13,542,704</u>	<u>\$ 7,448,941</u>	<u>\$ 355,948</u>	<u>\$ 814,935</u>
Component units	<u>\$ 969,510</u>	<u>\$ 17,422</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue and grants				
Unrestricted investment gain				
Gain on sale of capital assets				
Other miscellaneous revenue				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,358,517)	\$ -	\$ (1,358,517)	\$ -
(1,962,142)	-	(1,962,142)	-
(2,817,411)	-	(2,817,411)	-
176,683	-	176,683	-
(247,148)	-	(247,148)	-
(77,320)	-	(77,320)	-
(6,285,855)	-	(6,285,855)	-
-	1,342,845	1,342,845	-
-	20,130	20,130	-
-	1,362,975	1,362,975	-
(6,285,855)	1,362,975	(4,922,880)	-
-	-	-	(952,088)
7,134,311	-	7,134,311	876,576
1,531,392	-	1,531,392	700
387,686	21,727	409,413	12,489
11,685	-	11,685	-
553,167	-	553,167	94,880
9,618,241	21,727	9,639,968	984,645
3,332,386	1,384,702	4,717,088	32,557
37,496,021	7,142,972	44,638,993	375,896
\$ 40,828,407	\$ 8,527,674	\$ 49,356,081	\$ 408,453

Governmental Funds
Balance Sheet

June 30, 2023

	General Fund	Public Improvement Fund	Fire Equipment Replacement Fund	Local Streets Fund	Parking Fund	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 3,295,487	\$ 4,731,523	\$ 1,870,186	\$ 321,002	\$ 613,226	\$ 4,209,239	\$ 15,040,663
Receivables:							
Property taxes receivable	3,109	-	-	-	-	-	3,109
Special assessments receivable	-	-	-	-	246,370	-	246,370
Customer receivables	70	-	-	-	-	-	70
Accrued interest receivable	3,174	-	-	-	-	-	3,174
Other receivables	125,822	44,480	845	3,507	300	20,822	195,776
Due from other governmental units	267,948	21,496	17,380	36,304	-	85,497	428,625
Due from component units (Note 6)	1,871	-	-	-	-	-	1,871
Due from other funds (Note 6)	94,374	-	-	-	-	-	94,374
Advances to other funds (Note 6)	279,500	-	-	-	-	-	279,500
Inventory	33,780	-	-	-	8,980	-	42,760
Prepaid expenses and other assets	543,898	19,994	-	9,891	2,952	7,880	584,615
Land held for resale	-	225,000	-	-	-	-	225,000
Total assets	<u>\$ 4,649,033</u>	<u>\$ 5,042,493</u>	<u>\$ 1,888,411</u>	<u>\$ 370,704</u>	<u>\$ 871,828</u>	<u>\$ 4,323,438</u>	<u>\$ 17,145,907</u>
Liabilities							
Accounts payable	\$ 252,433	\$ 41,535	\$ 209	\$ 61,698	\$ 99,440	\$ 27,477	\$ 482,792
Due to other governmental units	97	-	-	-	-	-	97
Refundable deposits, bonds, etc.	260,989	-	-	-	-	33,467	294,456
Accrued liabilities and other	548,574	61	-	13,344	-	14,111	576,090
Unearned revenue	10,264	-	-	-	-	1,584	11,848
Total liabilities	1,072,357	41,596	209	75,042	99,440	76,639	1,365,283
Deferred Inflows of Resources -							
Unavailable revenue (Note 4)	34,142	21,496	-	-	222,163	-	277,801
Total liabilities and deferred inflows of resources	1,106,499	63,092	209	75,042	321,603	76,639	1,643,084
Fund Balances							
Nonspendable:							
Inventory	33,780	-	-	-	8,980	-	42,760
Prepays	543,898	19,994	-	9,891	2,952	7,880	584,615
Long-term advances to other fund	279,500	-	-	-	-	-	279,500
Restricted:							
Streets, drains, and sidewalk improvements	-	-	-	285,771	-	1,074,462	1,360,233
Police forfeitures	115,417	-	-	-	-	-	115,417
Debt service	-	-	-	-	-	422	422
PEG fees	3,687	-	-	-	-	-	3,687
Committed:							
Equipment and capital projects	-	4,491,522	1,888,202	-	-	1,513,072	7,892,796
Cemetery maintenance	-	242,885	-	-	-	1,294,017	1,536,902
Land held for resale	-	225,000	-	-	-	-	225,000
Parking	-	-	-	-	538,293	-	538,293
Allen Terrace	-	-	-	-	-	354,349	354,349
Debt service	-	-	-	-	-	2,597	2,597
Assigned:							
Beautification commission	841	-	-	-	-	-	841
Election equipment	10,000	-	-	-	-	-	10,000
Developer escrow	4,821	-	-	-	-	-	4,821
Sustainability revolving fund	15,991	-	-	-	-	-	15,991
Unassigned	2,534,599	-	-	-	-	-	2,534,599
Total fund balances	<u>3,542,534</u>	<u>4,979,401</u>	<u>1,888,202</u>	<u>295,662</u>	<u>550,225</u>	<u>4,246,799</u>	<u>15,502,823</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,649,033</u>	<u>\$ 5,042,493</u>	<u>\$ 1,888,411</u>	<u>\$ 370,704</u>	<u>\$ 871,828</u>	<u>\$ 4,323,438</u>	<u>\$ 17,145,907</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 15,502,823
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds	25,171,765
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	277,801
Investments in joint ventures are not financial resources and are not reported in the funds	863,099
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(2,437,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(17,706)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(462,015)
Net pension liability and deferred inflows and outflows	(848,634)
Net OPEB asset and deferred inflows and outflows	1,186,368
Internal service funds are included as part of governmental activities	<u>1,591,906</u>
Net Position of Governmental Activities	<u>\$ 40,828,407</u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Public Improvement Fund	Fire Equipment Replacement Fund	Local Streets Fund	Parking Fund	Nonmajor Funds	Total Governmental Funds
Revenue							
Property taxes	\$ 6,059,621	\$ -	\$ -	\$ -	\$ -	\$ 1,074,690	\$ 7,134,311
Special assessments	-	-	-	-	35,655	-	35,655
State-shared revenue and grants:							
Federal grants	3,898	11,193	16,814	-	-	-	31,905
State-shared revenue and grants	796,834	2,464	-	235,361	-	517,332	1,551,991
Community Development Block Grant	-	-	-	-	-	27,000	27,000
Sales and services:							
Cemetery	218,470	17,321	-	-	-	-	235,791
Charges for overhead services	154,750	-	-	-	-	-	154,750
Sales and services	1,139,060	-	-	-	-	27,701	1,166,761
Fines and forfeitures	10,487	-	-	-	-	-	10,487
Licenses, fees, and permits	442,281	-	-	-	5,575	-	447,856
Interest and rentals:							
Investment income (loss)	115,955	80,899	30,360	(168)	11,092	115,970	354,108
Rental income	163,380	-	-	-	-	854,272	1,017,652
Other revenue:							
Local contributions	50,000	10,245	96,239	-	102,790	169,980	429,254
Other	265,036	101,754	-	-	-	25,614	392,404
Racetrack breakage	12,500	140,140	-	-	-	-	152,640
Michigan Housing Authority subsidies	-	-	-	-	-	56,209	56,209
Total revenue	9,432,272	364,016	143,413	235,193	155,112	2,868,768	13,198,774
Expenditures:							
Current services:							
General government	2,665,028	13,502	-	-	-	-	2,678,530
Public safety:							
Police department	3,061,055	-	-	-	-	95,588	3,156,643
Fire department	1,030,158	-	5,750	-	-	-	1,035,908
Public works	998,235	334,822	-	1,225,382	202,582	221,271	2,982,292
Senior housing	-	-	-	-	-	793,130	793,130
Contribution to MERS Trusts	550,000	-	-	-	-	-	550,000
Recreation and culture	241,147	50,000	-	-	-	-	291,147
Debt service:							
Principal	52,523	-	-	-	-	540,000	592,523
Interest	-	-	-	-	-	76,918	76,918
Total expenditures	8,598,146	398,324	5,750	1,225,382	202,582	1,726,907	12,157,091
Excess of Revenue Over (Under)							
Expenditures	834,126	(34,308)	137,663	(990,189)	(47,470)	1,141,861	1,041,683
Other Financing Sources (Uses)							
Transfers in (Note 6)	33,075	338,142	171,584	1,139,922	17,155	338,364	2,038,242
Transfers out (Note 6)	(550,831)	(93,075)	-	-	-	(1,394,336)	(2,038,242)
Sale of capital assets	-	-	4,750	-	-	6,935	11,685
Total other financing (uses) sources	(517,756)	245,067	176,334	1,139,922	17,155	(1,049,037)	11,685
Net Change in Fund Balances	316,370	210,759	313,997	149,733	(30,315)	92,824	1,053,368
Fund Balances - Beginning of year	3,226,164	4,768,642	1,574,205	145,929	580,540	4,153,975	14,449,455
Fund Balances - End of year	\$ 3,542,534	\$ 4,979,401	\$ 1,888,202	\$ 295,662	\$ 550,225	\$ 4,246,799	\$ 15,502,823

Governmental Funds

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

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,053,368
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,054,792
Depreciation expense	(1,990,720)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	7,213
Net income from joint ventures is not recorded in the governmental funds but is recorded in the statement of activities	39,426
Changes in accumulated employee sick and vacation pay reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until it comes due for payment	69,298
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	588,000
Interest expense is recognized in the government-wide statements as it accrues	4,121
Changes in the other postemployment benefits asset and deferred inflows and outflows reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until it becomes due for payment	1,011,584
Changes in the net retiree pension liability and deferred outflows related to pensions reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they become due for payment	1,515,656
Internal service funds are included as part of governmental activities	(20,352)
Change in Net Position of Governmental Activities	<u><u>\$ 3,332,386</u></u>

Proprietary Funds Statement of Net Position

June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ 1,330,907	\$ 46,766	\$ 1,377,673	\$ 589,267
Receivables	1,063,624	149,979	1,213,603	318
Inventory	128,097	-	128,097	63,591
Prepaid expenses and other assets	7,181	908	8,089	9,391
Total current assets	2,529,809	197,653	2,727,462	662,567
Noncurrent assets:				
Net OPEB asset	156,820	18,867	175,687	-
Leases receivable	-	-	-	676,174
Capital assets: (Note 5)				
Assets not subject to depreciation	31,581	-	31,581	-
Assets subject to depreciation - Net	6,905,186	8,293	6,913,479	490,822
Total noncurrent assets	7,093,587	27,160	7,120,747	1,166,996
Total assets	9,623,396	224,813	9,848,209	1,829,563
Deferred Outflows of Resources				
Deferred pension costs (Note 8)	276,546	19,979	296,525	-
Deferred OPEB costs (Note 10)	98,815	11,889	110,704	-
Total deferred outflows of resources	375,361	31,868	407,229	-
Liabilities				
Current liabilities:				
Accounts payable	288,450	43,100	331,550	20,009
Due to other funds (Note 6)	94,374	-	94,374	-
Refundable deposits, bonds, etc.	515	-	515	-
Accrued liabilities and other	12,895	708	13,603	1,004
Current portion of compensated absences (Note 7)	18,589	2,749	21,338	4,052
Total current liabilities	414,823	46,557	461,380	25,065
Noncurrent liabilities:				
Advances from other funds (Note 6)	279,500	-	279,500	-
Compensated absences - Net of current portion (Note 7)	30,637	4,531	35,168	6,679
Net pension liability	367,485	26,548	394,033	-
Total noncurrent liabilities	677,622	31,079	708,701	6,679
Total liabilities	1,092,445	77,636	1,170,081	31,744
Deferred Inflows of Resources				
Deferred OPEB cost reductions (Note 10)	115,858	13,941	129,799	-
Leases	-	-	-	633,797
Total deferred inflows of resources	115,858	13,941	129,799	633,797

Proprietary Funds
Statement of Net Position (Continued)

June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	Internal Service Funds
Net Position				
Net investment in capital assets	\$ 6,936,767	\$ 8,293	\$ 6,945,060	\$ 490,822
Unrestricted	1,853,687	156,811	2,010,498	673,200
Total net position	\$ 8,790,454	\$ 165,104	8,955,558	\$ 1,164,022
Amounts reported for business-type activities in the statement of net position are different because a portion of the internal service funds is included as business-type activities			(427,884)	
Total Net Position			\$ 8,527,674	

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	Internal Service Funds
Operating Revenue				
Sales to customers	\$ 3,787,753	\$ 686,531	\$ 4,474,284	\$ -
Rental income	-	-	-	290,083
Other revenue	-	-	-	16,159
Total operating revenue	3,787,753	686,531	4,474,284	306,242
Operating Expenses				
Other operating and maintenance costs	2,666,414	632,646	3,299,060	257,867
Operating transfers	-	-	-	93,558
Other expenses	19,167	29,768	48,935	-
Depreciation	359,366	3,987	363,353	71,387
Total operating expenses	3,044,947	666,401	3,711,348	422,812
Operating Income (Loss)	742,806	20,130	762,936	(116,570)
Nonoperating Revenue (Expense)				
Interest and investment income	21,523	204	21,727	34,841
Interest expense	(10,114)	-	(10,114)	-
Gain on sale of assets	-	-	-	5,510
Lease revenue	-	-	-	39,901
Total nonoperating revenue	11,409	204	11,613	80,252
Income (Loss) - Before capital contributions	754,215	20,334	774,549	(36,318)
Capital Contributions - Capital grants	626,119	-	626,119	-
Change in Net Position	1,380,334	20,334	1,400,668	(36,318)
Net Position - Beginning of year	7,410,120	144,770	7,554,890	1,200,340
Net Position - End of year	<u><u>\$ 8,790,454</u></u>	<u><u>\$ 165,104</u></u>	<u><u>\$ 8,955,558</u></u>	<u><u>\$ 1,164,022</u></u>
Net Change in Net Position - Total enterprise funds			\$ 1,400,668	
Amounts reported for business-type activities in the statement of activities are different because a portion of the internal service funds is included as business-type activities			(15,966)	
Change in Net Position of Business-type Activities			<u><u>\$ 1,384,702</u></u>	

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,690,461	\$ 639,903	\$ 4,330,364	\$ 290,083
Payments to suppliers/Insurance claims	(2,315,934)	(787,044)	(3,102,978)	(171,315)
Payments to employees and fringes	(553,132)	(74,358)	(627,490)	(89,143)
Other receipts	-	-	-	1,310
Distributions for interfund services and reimbursements	-	-	-	(78,933)
Net cash and cash equivalents provided by (used in) operating activities	821,395	(221,499)	599,896	(47,998)
Cash Flows Provided by Noncapital Financing Activities - Transfers from other funds	1,239	-	1,239	-
Cash Flows from Capital and Related Financing Activities				
Receipt of capital grants	626,119	-	626,119	-
Lease payments received	-	-	-	43,623
Proceeds from sale of capital assets	-	-	-	5,510
Purchase of capital assets	(651,001)	-	(651,001)	(44,727)
Principal and interest paid on capital debt	(99,114)	-	(99,114)	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(123,996)	-	(123,996)	4,406
Cash Flows from Investing Activities				
Interest received on investments	17,144	1,521	18,665	8,273
Net realized gains (losses) on investments	4,379	(1,317)	3,062	2,435
Net cash and cash equivalents provided by investing activities	21,523	204	21,727	10,708
Net Increase (Decrease) in Cash and Cash Equivalents	720,161	(221,295)	498,866	(32,884)
Cash and Cash Equivalents - Beginning of year	610,746	268,061	878,807	622,151
Cash and Cash Equivalents - End of year	<u>\$ 1,330,907</u>	<u>\$ 46,766</u>	<u>\$ 1,377,673</u>	<u>\$ 589,267</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 742,806	\$ 20,130	\$ 762,936	\$ (116,570)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	359,366	3,987	363,353	71,387
Changes in assets and liabilities:				
Receivables	(97,292)	(46,628)	(143,920)	(224)
Inventories	(35,532)	-	(35,532)	(11,607)
Prepaid and other assets	(6,294)	(908)	(7,202)	(5,413)
Accounts payable	121,459	(175,808)	(54,349)	15,235
Net pension liability or OPEB asset	(273,032)	(22,272)	(295,304)	(806)
Accrued and other liabilities	9,914	-	9,914	-
Total adjustments	78,589	(241,629)	(163,040)	68,572
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 821,395</u>	<u>\$ (221,499)</u>	<u>\$ 599,896</u>	<u>\$ (47,998)</u>

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2023

	Other Employee Benefit Trust Funds (As of 12/31/2022)	Private Purpose Trust - Allen Terrace Trust Fund	Custodial Funds	Total Fiduciary Funds
Assets				
Cash and cash equivalents	\$ -	\$ 144,839	\$ 41,662	\$ 186,501
Investments	12,441,631	-	-	12,441,631
Receivables - Other	-	72	-	72
Total assets	12,441,631	144,911	41,662	12,628,204
Liabilities - Accounts payable	-	18	5,771	5,789
Net Position				
Restricted:				
Postemployment benefits other than pension	12,441,631	-	-	12,441,631
Individuals, organizations, and other governments	-	144,893	35,891	180,784
Total net position	<u><u>\$ 12,441,631</u></u>	<u><u>\$ 144,893</u></u>	<u><u>\$ 35,891</u></u>	<u><u>\$ 12,622,415</u></u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Other Employee Benefit Trust Funds (Year Ended 12/31/2022)	Private Purpose Trust - Allen Terrace Trust Fund	Custodial Funds	Total Fiduciary Funds
Additions				
Investment income (loss):				
Interest and dividends	\$ -	\$ 3,174	\$ 12	\$ 3,186
Net decrease in fair value of investments	(1,512,822)	(543)	-	(1,513,365)
Net investment (loss) income	(1,512,822)	2,631	12	(1,510,179)
Contributions	-	-	48,177	48,177
Property tax collections for other governments	-	-	14,278,038	14,278,038
Total additions - Net	(1,512,822)	2,631	14,326,227	12,816,036
Deductions				
Benefit payments	486,750	-	12,298	499,048
Rent assistance	-	767	-	767
Disbursements to Northville Public Schools	-	-	3,858,822	3,858,822
Disbursements to Northville District Library	-	-	518,505	518,505
Disbursements to Wayne County, Michigan	-	-	6,135,466	6,135,466
Disbursements to Oakland County, Michigan	-	-	3,749,056	3,749,056
Disbursements - Delinquent property taxes	-	-	16,189	16,189
Administrative expenses	23,362	-	-	23,362
Total deductions	510,112	767	14,290,336	14,801,215
Net (Decrease) Increase in Fiduciary Net Position	(2,022,934)	1,864	35,891	(1,985,179)
Net Position - Beginning of year	14,464,565	143,029	-	14,607,594
Net Position - End of year	\$ 12,441,631	\$ 144,893	\$ 35,891	\$ 12,622,415

Component Units
Statement of Net Position

June 30, 2023

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets			
Cash and cash equivalents	\$ 501,490	\$ 700	\$ 502,190
Receivables - Other receivables	14,720	38,698	53,418
Prepaid expenses and other assets	17,925	-	17,925
Total assets	534,135	39,398	573,533
Liabilities			
Accounts payable	34,472	37,527	71,999
Due to primary government (Note 6)	-	1,871	1,871
Accrued liabilities and other	10,818	-	10,818
Unearned revenue	21,200	-	21,200
Noncurrent liabilities - Due within one year	59,192	-	59,192
Total liabilities	125,682	39,398	165,080
Net Position - Unrestricted	\$ 408,453	\$ -	\$ 408,453

City of Northville, Michigan

Component Units Statement of Activities

Year Ended June 30, 2023

	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Functions/Programs							
Downtown Development Authority	\$ 960,045	\$ 13,422	\$ -	\$ -	\$ (946,623)	\$ -	\$ (946,623)
Brownfield Redevelopment Authority	9,465	4,000	-	-	-	(5,465)	(5,465)
Total component units	\$ 969,510	\$ 17,422	\$ -	\$ -	(946,623)	(5,465)	(952,088)
General revenue:							
Property taxes					876,576	-	876,576
State-shared revenue and grants					-	700	700
Unrestricted investment income					12,399	90	12,489
Other miscellaneous revenue					90,205	4,675	94,880
Total general revenue					979,180	5,465	984,645
Change in Net Position					32,557	-	32,557
Net Position - Beginning of year					375,896	-	375,896
Net Position - End of year					\$ 408,453	\$ -	\$ 408,453

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

The City of Northville, Michigan (the "City") is governed by a City Council of five members consisting of the elected council members and the mayor, who is deemed a member of the council for all purposes. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City (see discussion below for description).

The City follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

Reporting Entity

Discretely Presented Component Unit

Downtown Development Authority

The Downtown Development Authority (the "DDA") of the City is reported in a separate component unit column to emphasize that it is legally separate from the City. The DDA was created to assist the City in the development of the downtown area. The DDA's governing body, which consists of 11 individuals, is approved by the City Council. In addition, the DDA's budget is subject to approval by the City Council. The financial information included in the separate column is condensed. The complete financial statements of the DDA can be obtained from the city offices at 215 W. Main Street, Northville, MI 48167.

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority (the "BRA") of the City is reported in a separate component unit column to emphasize that it is legally separate from the City. The BRA was created to facilitate the implementation of Brownfield Plans relating to the identification and treatment of environmentally distressed, functionally obsolete, and/or blighted areas to promote revitalization within the City of Northville, Michigan. The BRA's governing body, which consists of 7 individuals, is appointed by the mayor and approved by the City Council. In addition, the BRA is being supported financially by the City. The BRA does not issue separate financial statements.

Fiduciary Component Units

Retiree Health Care Plan

The Retiree Health Care Plan is administered by the City. Management of the plan is vested in the City, as there is no formal governing board over the plan. Although the plan is legally separate from the City, it is reported as a fiduciary component unit because the City administers the plan and the plan imposes a financial burden on the City. The Retiree Health Care Plan is reported as of its December 31 year end.

Parks and Recreation Retiree Health Care Plan

The Parks and Recreation Retiree Health Care Plan is administered by the City. Management of the plan is vested in the City, as there is no formal governing board over the plan. Although the plan is legally separate from the City, it is reported as a fiduciary component unit because the City imposes its will over the plan. The Parks and Recreation Retiree Health Care Plan is reported as of its December 31 year end.

Jointly Governed Organization

Jointly governed organizations are discussed in Note 12.

Note 1 - Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Public Improvement Fund is a capital projects fund that accounts for grant revenue and breakage revenue to the extent that it exceeds the cost of providing police and fire service at the racetrack. The expenditures in this fund are primarily for public improvement projects.

Note 1 - Significant Accounting Policies (Continued)

- The Fire Equipment Fund sets aside funds to meet the needs of capital equipment in the fire department over the next 20 years to keep equipment up to current standards.
- The Local Streets Fund is a special revenue fund that accounts for the resources of state gas and weight tax revenue that is restricted for use on local streets.
- The Parking Fund is a special revenue fund that accounts for the resources for the maintenance, development, and improvement of the City's parking system.

Proprietary Funds

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

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for bimonthly user charges.
- The Refuse and Recycling Fund provides refuse and recycling services to customers in exchange for user charges.

Fiduciary Funds

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

- The Allen Terrace Trust Fund provides rental subsidies for eligible Allen Terrace residents.
- The Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, and various others) and remits the taxes to each authority.
- The Retiree Health Care Trust Fund accumulates resources for future retiree health care payments to city retirees. The Retiree Health Care Trust Fund has a calendar year end of December 31, 2022.
- The Parks and Recreation Retiree Health Care Trust Fund accumulates resources for future retiree health care payments to parks and recreation retirees. The Parks and Recreation Retiree Health Care Trust Fund has a calendar year end of December 31, 2022.
- The Fire Custodial Fund accumulates resources for future needs of the police and fire benevolent fund, the fire explorers program, and fire personnel recognition events.

Interfund Activity

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

Note 1 - Significant Accounting Policies (Continued)

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

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

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

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

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

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are reported at fair value or estimated fair value. Pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. 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, when applicable.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Note 1 - 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:

	Depreciable Life - Years
Roads, sidewalks, and bridges	20 to 50
Streetscape	3 to 20
Building and improvements	5 to 50
Machinery and equipment	3 to 15
Vehicles	2 to 20
Parking systems	5 to 10
Land improvements	10 to 20
Refuse and recycling systems	15
Wells, water, and sewer distribution systems	30 to 90

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The debt retirement fund is used to liquidate governmental long-term debt. The General Fund is used to liquidate the installment purchase agreement for the fire truck.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category, which are the deferred outflows of resources related to the defined benefit pension plan and the other postemployment benefits plan. The deferred outflows of resources related to the defined benefit pension plan and the other postemployment benefits plan are reported in the government-wide financial statements, the Water and Sewer Fund, and the Refuse and Recycling Fund. The deferred outflows of resources result from two transactions: contributions to the plans subsequent to the plan's year end through the City's fiscal year end and the variance between the plans' actual investment earnings compared to the plans' assumed investment earnings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows related to special assessments, grants that are not received within the period of availability, the other postemployment benefits plan, and lease revenue for future lease receipts. The deferred inflows related to the other postemployment benefits plan result from assumption changes, the variance between the plan's expected and actual experience, and employer reimbursements subsequent to the plan year end before the City's fiscal year end.

Note 1 - Significant Accounting Policies (Continued)

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City has, by resolution, authorized the finance director to assign fund balance. The mayor and members of the City Council may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The fund balance policy prescribes the minimum unassigned fund balance in the General Fund as no less than two months of regular operating revenue or regular operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the City's ability to meet obligations as they come due throughout the year.

June 30, 2023**Note 1 - Significant Accounting Policies (Continued)****Property Tax Revenue**

Property tax receivables are shown as net of allowance for uncollectible amounts. 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 2022 taxable valuation of the City totaled \$447 million (net of captured taxable value of \$30.5 million), on which taxes levied consisted of 13.0182 mills for operating purposes, 1.6216 mills for street improvements, and 0.7862 mills for debt service. The ad valorem taxes levied raised approximately \$5.8 million for operations; \$723,000 for street, drainage, and sidewalk improvements; and \$351,000 for debt service. The operating amounts are recognized in the General Fund financial statements as taxes receivable - current or as tax revenue, and the debt service amounts are recognized in the 2018 UTGO Debt Retirement Fund. The street improvement amounts are recognized in the Street, Drainage, and Sidewalk Improvement Fund.

Pension

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The City offers retiree health care benefits to retirees. The City records a net OPEB asset for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits and accumulate compensatory leave time. After 10 years of service, employees may receive payment of the accumulated sick leave balance at the rate of 50 percent for retirement or 25 percent for other types of termination. A liability 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. The Employees' Accumulated Compensation Fund internal service fund has been established to fully reserve funds to liquidate these liabilities for the City. The Downtown Development Authority will liquidate the compensated absences liabilities in that component unit.

Note 1 - Significant Accounting Policies (Continued)**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds and internal service funds is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

Use of Estimates

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

Leases

The City is a lessor for noncancelable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

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

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

June 30, 2023

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since July 1, 2000 is as follows:

Cumulative shortfall at July 1, 2022		\$	(287,640)
Current year permit revenue			244,475
Related expenses:			
Direct costs	\$	106,297	
Estimated indirect costs		99,062	205,359
			<u>39,116</u>
Current year surplus			<u>39,116</u>
Cumulative shortfall at June 30, 2023		\$	<u><u>(248,524)</u></u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 three banks for the deposit of its funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial credit risk limits bank options to those approved by the City Council. All banks must supply audited financial statements, proof of state registration, and certification of compliance with the City's investment policy. At year end, the City had bank deposits of \$63,682 (checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Interest Rate Risk

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

June 30, 2023

Note 3 - Deposits and Investments (Continued)

At year end, the City had the following investments:

Investment	Carrying Value	Weighted-average Maturity (Days)
Primary Government		
U.S. Treasury securities	\$ 1,113,229	991
Federal agency bonds	6,328,491	618
Municipal bonds	3,768,622	421
Total	<u>\$ 11,210,342</u>	

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Pooled funds	\$ 4,564,165	AAAm	S&P
U.S. Treasury securities	1,113,229	AA+	S&P
Federal agency bonds	6,328,491	AA+	S&P
Investments at amortized cost - Comerica J Fund	1,165,731	Not Rated	N/A
Investments at amortized cost - Federate Treasury Obligation Fund	472,064	AAAm	S&P
Municipal bonds	2,909,838	AA- to AAA	S&P
Municipal bonds	858,784	Aa1	Moody's
Total	<u>\$ 17,412,302</u>		

Concentration of Credit Risk

It is the City's policy to diversify its investment portfolio with a goal of 5 percent maximum exposure to any one credit risk at the time of purchase. This requirement does not apply to investments issued by the U.S. government or its agencies, investments in mutual funds, and external investment pools and other pooled investments. At June 30, 2023, more than 5 percent of the City's investments are in the following federal agency securities:

Federal Farm Credit Bank	16 %
Federal Home Loan Bank	11

Component Units

The cash and investments of the Downtown Development Authority and Brownfield Redevelopment Authority are pooled with the City's cash and investments and included in the amounts above. At June 30, 2023, the carrying amount of the cash and investments for the DDA and BRA was \$501,490 and \$700, respectively.

June 30, 2023

Note 3 - Deposits and Investments (Continued)***Fair Value Measurements***

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

The City has the following recurring fair value measurements as of June 30, 2023:

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Debt securities:				
U.S. Treasury securities	\$ -	\$ 1,113,229	\$ -	\$ 1,113,229
Federal agency bonds	-	6,328,491	-	6,328,491
Municipal bonds	-	3,768,622	-	3,768,622
Total	<u>\$ -</u>	<u>\$ 11,210,342</u>	<u>\$ -</u>	11,210,342
Investments measured at NAV - Michigan CLASS Investment Pool				<u>4,564,165</u>
Total assets				<u>\$ 15,774,507</u>

The fair value of debt securities at June 30, 2023 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions in establishing prices, discounted cash flow models, and other pricing models.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented below:

Investments in Entities that Calculate Net Asset Value per Share

The City holds investments through the Michigan CLASS Investment Pool. These investments are measured at the NAV per share (or its equivalent). The Michigan CLASS Investment Pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. At June 30, 2023, there were no unfunded commitments or redemption restrictions on these investments.

June 30, 2023

Note 3 - Deposits and Investments (Continued)

Pooled Investments Similar to Rule 2a7

Bank pools totaling \$1,637,795 are recorded at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and are not included in the fair value tables above. These investments are held in the Comerica J Fund and Federated Treasury Obligation Fund and are not subject to any limitations or restrictions on withdrawals.

Note 4 - Deferred Inflows/Outflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables that are not collectible soon enough after the end of the year (60 days) that they are considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, there was \$222,163 in unavailable revenue related to special assessments and \$55,638 in unavailable revenue related to other receivables.

At June 30, 2023, there was \$633,797 in deferred inflows of resources related to lease receivables reported in the government-wide statements and internal service funds.

In addition, the government-wide statements and the proprietary funds report deferred inflows or deferred outflows of resources related to pension and OPEB liabilities. These are discussed in more detail in Notes 8 and 10.

June 30, 2023

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 3,611,236	\$ -	\$ -	\$ -	\$ 3,611,236
Construction in progress	37,545	-	913,465	(822,810)	128,200
Other nondepreciable assets	119,972	-	-	-	119,972
Subtotal	3,768,753	-	913,465	(822,810)	3,859,408
Capital assets being depreciated:					
Roads, sidewalks, and bridges	37,677,345	-	-	822,810	38,500,155
Parking system	6,435,077	-	-	-	6,435,077
Building and improvements	11,459,382	-	-	-	11,459,382
Machinery and equipment	2,227,837	-	83,970	-	2,311,807
Vehicles	3,834,018	-	102,085	(73,157)	3,862,946
Streetscape	5,306,367	-	-	-	5,306,367
Subtotal	66,940,026	-	186,055	749,653	67,875,734
Accumulated depreciation:					
Roads, sidewalks, and bridges	24,991,634	-	1,066,812	-	26,058,446
Parking systems	3,320,655	-	195,770	-	3,516,425
Buildings and improvements	8,747,710	-	226,234	-	8,973,944
Machinery and equipment	1,774,410	-	124,363	-	1,898,773
Vehicles	2,038,764	-	194,589	(73,157)	2,160,196
Streetscape	3,210,432	-	254,339	-	3,464,771
Subtotal	44,083,605	-	2,062,107	(73,157)	46,072,555
Net capital assets being depreciated	22,856,421	-	(1,876,052)	822,810	21,803,179
Net governmental activities capital assets	\$ 26,625,174	\$ -	\$ (962,587)	\$ -	\$ 25,662,587

June 30, 2023

Note 5 - Capital Assets (Continued)***Business-type Activities***

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated - Construction in progress	\$ 34,638	\$ -	\$ 651,001	\$ (654,058)	\$ 31,581
Capital assets being depreciated:					
Water and sewer lines	14,587,564	-	-	654,058	15,241,622
Buildings and improvements	21,535	-	-	-	21,535
Refuse and recycling system	59,798	-	-	-	59,798
Subtotal	14,668,897	-	-	654,058	15,322,955
Accumulated depreciation:					
Water and sewer lines	7,977,069	-	359,367	-	8,336,436
Buildings and improvements	21,535	-	-	-	21,535
Refuse and recycling system	47,519	-	3,986	-	51,505
Subtotal	8,046,123	-	363,353	-	8,409,476
Net capital assets being depreciated	6,622,774	-	(363,353)	654,058	6,913,479
Net business-type activities capital assets	<u>\$ 6,657,412</u>	<u>\$ -</u>	<u>\$ 287,648</u>	<u>\$ -</u>	<u>\$ 6,945,060</u>

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

Governmental activities:	
General government	\$ 76,814
Public safety	188,697
Public works	1,517,870
Senior housing	178,502
Recreation and culture	28,837
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>71,387</u>
Total governmental activities	<u>\$ 2,062,107</u>
Business-type activities:	
Water and Sewer	\$ 359,366
Refuse and Recycling	<u>3,987</u>
Total business-type activities	<u>\$ 363,353</u>

Construction Commitments

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

	Spent to Date	Remaining Commitment
Yerkes improvements	\$ 29,768	\$ 1,088,377
Orchard Drive improvements	44,601	223,456
Downtown bollards	18,026	117,487
Roundabout	-	150,000
Water tower painting	10,369	396,171

June 30, 2023

Note 6 - Interfund Receivables, Payables, and Transfers

During 2020, the City made a long-term advance from the General Fund to the Water and Sewer Fund in the amount of \$622,000. A due to and due from in the amount of \$94,374 is recorded in the Water and Sewer Fund and General Fund, respectively, to reflect the balance of the interfund loan, plus accrued interest, due within one year. The long-term portion of the interfund borrowing is recorded as an advance to/from other funds in the fund statements. The internal loan from the General Fund has an interest rate of 2.50 percent and matures in 2027 according to the following maturity schedule:

Years Ending	Principal	Interest
2024	\$ 89,000	\$ 9,213
2025	91,000	6,988
2026	93,000	4,713
2027	95,500	2,388
Total	<u>\$ 368,500</u>	<u>\$ 23,302</u>

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
General Fund	Component units	\$ 1,871

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Public Improvement Fund (2)	\$ 338,142
	Parking Fund (1)	17,155
	Fire Equipment Replacement Fund (2)	141,584
	Other nonmajor governmental funds (1)(2)	53,950
	Total General Fund	550,831
Public Improvement Fund	General Fund (2)	33,075
	Fire Equipment Replacement Fund (2)	30,000
	Other nonmajor governmental funds (2)	30,000
	Total Public Improvement Fund	93,075
Other nonmajor governmental funds	Local Streets Fund (1)(2)	1,139,922
	Other nonmajor governmental funds (2)	254,414
	Total other nonmajor governmental funds	1,394,336
	Total	<u>\$ 2,038,242</u>

(1) Transfers between funds are to support the operations of those funds.

(2) Transfers between the various funds represent payment from one fund to another without an equivalent return of goods or services to fund projects, capital improvements, or debt service expenditures accounted for in the respective funds.

June 30, 2023

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Direct borrowings and direct placements:						
Allen Terrace renovation bonds (refunding) - Maturing through 2023	2.14%	\$ 95,000	\$ -	\$ (95,000)	\$ -	\$ -
Streetscape improvement bonds (refunding) - Maturing through 2025	3.10%	480,000	-	(155,000)	325,000	160,000
Street improvement bonds - Maturing through 2029	2.90%	2,250,000	-	(290,000)	1,960,000	300,000
Installment purchase agreement - Maturing through 2026	2.57%	200,000	-	(48,000)	152,000	49,000
Total bonds and contracts payable		3,025,000	-	(588,000)	2,437,000	509,000
Accumulated compensated absences		542,693	165,342	(235,289)	472,746	212,261
Total governmental activities long-term debt		<u>\$ 3,567,693</u>	<u>\$ 165,342</u>	<u>\$ (823,289)</u>	<u>\$ 2,909,746</u>	<u>\$ 721,261</u>

Business-type Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type activities - Accumulated compensated absences		\$ 44,134	\$ 79,088	\$ (66,716)	\$ 56,506	\$ 21,338

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2024	\$ 509,000	\$ 65,842	\$ 574,842
2025	526,000	50,751	576,751
2026	372,000	35,178	407,178
2027	330,000	25,085	355,085
2028	345,000	15,298	360,298
2029	355,000	5,148	360,148
Total	<u>\$ 2,437,000</u>	<u>\$ 197,302</u>	<u>\$ 2,634,302</u>

Note 7 - Long-term Debt (Continued)

Bond Refunding

The City defeased certain bonds in a prior period by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. The old bonds are not callable. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. As of June 30, 2023, there is still \$325,000 of bonds outstanding that are considered defeased and continue to be serviced with the related refunding proceeds that are held in trust.

Note 8 - Pension Plan

Plan Description

The City of Northville, Michigan provides a monthly retirement benefit to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Michigan Municipal Employees' Retirement System (MERS or MERS of Michigan), an agent multiple-employer defined benefit pension plan, administered by the MERS of Michigan Plan Board.

The pension system issues a publicly available financial report that can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The Michigan Municipal Employees' Retirement System provides retirement, disability, and death benefits to members and beneficiaries. Retirement benefits are calculated as various percentages (ranging from 2.5 to 2.75 percent) of the employee's final 3- to 5-year average compensation times the employee's years of service. To be eligible, employees must have a minimum number of years of service (ranging from 15 to 25), as well as meeting minimum retirement age (ranging from 50 to 60). The vesting period is 10 years. The benefits also include nonduty disability benefits and disability retirement benefits in limited situations. An employee who leaves city service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the members of the City Council, generally after negotiations of these terms with the affected unions. Police employees' benefit terms may be subject to binding arbitration in certain circumstances. As of November 1, 2007, the plan was closed to all new entrants.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Michigan Municipal Employees' Retirement System
Date of member count	December 31, 2022
Inactive plan members or beneficiaries currently receiving benefits	65
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	3
	<hr/>
Total employees covered by the plan	74
	<hr/> <hr/>

June 30, 2023

Note 8 - Pension Plan (Continued)**Contributions**

State law requires public employers to make pension contributions in accordance with an actuarial valuation. Accordingly, MERS retains an independent actuary for this purpose, and the City annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on the amounts agreed upon in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees.

Net Pension Liability

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2023 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2022 measurement date. The December 31, 2022 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2021	\$ 21,787,804	\$ 19,403,631	\$ 2,384,173
Changes for the year:			
Service cost	40,103	-	40,103
Interest	1,513,402	-	1,513,402
Differences between expected and actual experience	146,107	-	146,107
Contributions - Employer	-	2,242,082	(2,242,082)
Contributions - Employee	-	5,504	(5,504)
Net investment loss	-	(2,135,167)	2,135,167
Benefit payments, including refunds	(1,866,686)	(1,866,686)	-
Administrative expenses	-	(35,959)	35,959
Net changes	(167,074)	(1,790,226)	1,623,152
Balance at December 31, 2022	<u>\$ 21,620,730</u>	<u>\$ 17,613,405</u>	<u>\$ 4,007,325</u>

The plan's fiduciary net position represents 81.5 percent of the total pension liability. The Parks and Recreation Commission previously participated as a cost-sharing participant in the City of Northville, Michigan's plan. Therefore, certain retirees of the Northville Parks and Recreation Commission participate in MERS through the City. At June 30, 2023, the City reported a liability of \$3,823,495 and the Parks and Recreation Commission reported a liability of \$183,830 for each participant's proportionate share of the total net pension liability.

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

For the year ended June 30, 2023, the City recognized pension expense of \$767,785.

June 30, 2023

Note 8 - Pension Plan (Continued)

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,623,115	\$ -
Employer contributions to the plan subsequent to the measurement date	1,254,238	-
Total	<u>\$ 2,877,353</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2024	\$ 170,416
2025	300,894
2026	483,082
2027	668,723

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.0 percent, an investment rate of return (net of investment expenses, gross of administrative expenses) of 7.25 percent, and the Pub-2010 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted in 2020 for the period from January 1, 2014 through December 31, 2018.

Discount Rate

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

June 30, 2023

Note 8 - Pension Plan (Continued)

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2022 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the plan	\$ 6,086,237	\$ 4,007,325	\$ 2,242,321

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 9 - Defined Contribution Pension Plan

The City provides pension benefits through the City of Northville Defined Contribution Pension Plan, a defined contribution pension plan for certain employees who meet the eligibility requirements. The benefits are administered by the MERS of Michigan Plan Board.

Benefit terms, including contribution requirements, for the City of Northville Defined Contribution Pension Plan are established and may be amended by the members of the City Council. For each employee in the pension plan, the City is required to contribute a percent of annual salary (ranging from 12 to 13 percent) to an individual employee account. Employees are permitted to make contributions to the pension plan up to applicable Internal Revenue Code limits. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in city contributions and earnings on city contributions after completion of seven years of creditable service with the City. Nonvested city contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plans' future contributions.

The City's total payroll during the current year was \$3,980,319. For the City of Northville Defined Contribution Plan, the current year contribution (including the DDA) was calculated based on covered payroll of \$2,569,997, resulting in an employer contribution of \$333,070.

June 30, 2023

Note 10 - Other Postemployment Benefit Plans***Plan Description***

The City provides OPEB for all employees, retirees, and beneficiaries who meet eligibility requirements. The benefits are provided through the Retiree Health Care Plan, a single-employer defined benefit OPEB plan administered by the City, and the Parks and Recreation Retiree Health Care Plan, a single-employer defined benefit OPEB plan administered by the City. The plans do not issue a publicly available financial report.

Management of the plans is vested in the City, as there is no formal governing board over the plans.

Benefits Provided

The Retiree Health Care Plan and Parks and Recreation Retiree Health Care Plan provide medical and prescription drug coverage for employees hired prior to July 1, 2008 who retire under normal or disability retirement. Retirees may receive payment in lieu of medical and prescription drug coverage in an amount that corresponds to an underlying city-sponsored medical plan. Certain grandfathered retirees in this plan receive dental coverage and a reimbursement of their Medicare Part B premiums. As of July 1, 2008, both plans were closed to new entrants.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Retiree Health Care Plan	Parks and Recreation Retiree Health Care Plan
Date of member count	December 31, 2022	December 31, 2022
Inactive plan members or beneficiaries currently receiving benefits	72	12
Active plan members	10	-
Total plan members	82	12

Contributions

Retiree Health Care Plan trusts have been established for the Retiree Health Care plans for both the City and the Northville Parks & Recreation Commission (the "Recreation Commission"). Postemployment health care costs for both plans are paid by the trusts on a pay-as-you-go basis. The City and the Recreation Commission have no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2023, the Retiree Health Care Plan Trust made payments for postemployment health benefit premiums of \$601,397. Employees are not required to contribute to the plan. For the Recreation Commission's fiscal year ended December 31, 2022, the Recreation Commission contributed \$0 to the Parks and Recreation Retiree Health Care Plan.

June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)***Net OPEB Asset***

The City chooses a date for each OPEB plan to measure its net OPEB asset. This is based on the measurement date of each OPEB plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	Retiree Health Care Plan	Parks and Recreation Retiree Health Care Plan
Measurement date used for the City net OPEB asset	December 31, 2022	December 31, 2022
Based on a comprehensive actuarial valuation as of	December 31, 2022	December 31, 2022

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

Retiree Health Care Plan

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balance at January 1, 2022	\$ 11,798,583	\$ 13,383,362	\$ (1,584,779)
Changes for the year:			
Service cost	71,466	-	71,466
Interest	810,053	-	810,053
Differences between expected and actual experience	(391,887)	-	(391,887)
Changes in assumptions	(1,688,569)	-	(1,688,569)
Contributions - Employer	-	145,256	(145,256)
Net investment loss	-	(1,400,640)	1,400,640
Benefit payments, including refunds	(595,744)	(595,744)	-
Administrative expenses	-	(21,615)	21,615
Net changes	(1,794,681)	(1,872,743)	78,062
Balance at December 31, 2022	<u>\$ 10,003,902</u>	<u>\$ 11,510,619</u>	<u>\$ (1,506,717)</u>

The plan's fiduciary net position represents 115.1% percent of the total OPEB liability.

June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)**Parks and Recreation Retiree Health Care Plan**

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balance at January 1, 2022	\$ 759,291	\$ 1,081,203	\$ (321,912)
Changes for the year:			
Interest	51,881	-	51,881
Differences between expected and actual experience	(39,077)	-	(39,077)
Changes in assumptions	(159,961)	-	(159,961)
Net investment loss	-	(112,183)	112,183
Benefit payments, including refunds	(36,262)	(36,262)	-
Administrative expenses	-	(1,746)	1,746
Net changes	(183,419)	(150,191)	(33,228)
Balance at December 31, 2022	<u>\$ 575,872</u>	<u>\$ 931,012</u>	<u>\$ (355,140)</u>

The plan's fiduciary net position represents 161.7 percent of the total OPEB liability.

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

For the year ended June 30, 2023, the City recognized OPEB recoveries of \$1,127,900 related to the Retiree Health Care Plan. For the year ended December 31, 2022, the Recreation Commission recognized OPEB recoveries of \$200,159.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (182,322)
Changes in assumptions	-	(785,591)
Net difference between projected and actual earnings on OPEB plan investments	949,412	-
Employer reimbursements from the plan subsequent to the measurement date	-	(145,256)
Total	<u>\$ 949,412</u>	<u>\$ (1,113,169)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer reimbursements subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2024	\$ (932,900)
2025	157,546
2026	292,664
2027	464,189

June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)**Actuarial Assumptions**

The total OPEB liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Retiree Health Care Plan	Parks and Recreation Retiree Health Care Plan
Inflation	2.50 percent	2.50 percent
Salary increases (including inflation)	2.50 percent	2.50 percent
Investment rate of return (net of investment expenses)	7.00 percent	7.00 percent
Health care cost trend rate	4.50 to 7.75 percent	4.50 to 6.25 percent
Mortality rates	Pub-2010 Mortality Tables	Pub-2010 Mortality Tables

Discount Rate

As shown below, the discount rate used to measure the total OPEB liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the OPEB plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

	Retiree Health Care Plan	Parks and Recreation Retiree Health Care Plan
Assumed investment rate of return	7.00 percent	7.00 percent
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure total OPEB liability	7.00 percent	7.00 percent

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

The following presents the net OPEB asset of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB asset of the Retiree Health Care Plan	\$ (294,626)	\$ (1,506,717)	\$ (2,511,631)
Net OPEB asset of the Parks and Recreation Retiree Health Care Plan	(289,829)	(355,140)	(410,456)

June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)***Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB asset of the City, calculated using the health care cost trend rate of 7.75 percent (decreasing to 4.5 percent) for the Retiree Health Care Plan and the health care cost trend rate of 6.25 percent (decreasing to 4.5 percent) for the Parks and Recreation Retiree Health Care Plan, as well as what the City's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.75% or 5.25%, Decreasing to 3.5%)	Current Health Care Cost Trend Rate (7.75% or 6.25%, Decreasing to 4.5%)	1 Percentage Point Increase (8.75% or 7.25%, Decreasing to 5.5%)
Net OPEB asset of the Retiree Health Care Plan \$	(2,509,979) \$	(1,506,717) \$	(303,463)
Net OPEB asset of the Parks and Recreation Retiree Health Care Plan	(409,400)	(355,140)	(292,209)

Assumption Changes

For both plans, the per capita costs were updated to reflect experience since the previous valuation. the health care cost trend rates changed from a range of 4.50 to 7.25 percent to a range of 4.50 to 7.75 percent for the Retiree Health Care Plan and from a range of 4.50 to 7.50 percent to a range of 4.50 to 6.25 percent for the Parks and Recreation Retiree Health Care Plan.

Investment Policy and Long-term Expected Real Investment Rate of Return

The OPEB plans' policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

Best estimates of arithmetic real rates of return as of the December 31, 2022 measurement date for each major asset class included in the OPEB plans target asset allocations are summarized in the following tables:

Retiree Health Care Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private assets	20.00	7.00

June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)**Parks and Recreation Retiree Health Care Plan**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private assets	20.00	7.00

Annual Money-weighted Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (10.63) percent for the Retiree Health Care Plan. For the year ended December 31, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was (10.55) percent for the Parks and Recreation Retiree Health Care Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual postemployment health care plans as of and for the year ended December 31, 2022:

	Retiree Health Care Trust Fund	Parks and Recreation Retiree Health Care Trust Fund	Total
Statement of Net Position			
Investments	\$ 11,510,619	\$ 931,012	\$ 12,441,631
Statement of Changes in Net Position			
Investment loss	\$ (1,400,640)	\$ (112,183)	\$ (1,512,823)
Benefit payments	(450,488)	(36,262)	(486,750)
Other deductions	(21,615)	(1,746)	(23,361)
Net change in net position	\$ (1,872,743)	\$ (150,191)	\$ (2,022,934)

Note 12 - Jointly Governed Organizations

The City participates in the Northville Parks and Recreation Commission as a joint venture with the Charter Township of Northville (the "Township"). The City is represented by the mayor or mayor pro tem and one other member of the City Council. Approval of the annual budget is required by the City and the Charter Township of Northville. The Recreation Commission has been subsidized to the extent that expenditures exceed operating revenue. At June 30, 2023, the investment in the Recreation Commission was \$829,952. During the current year, the City contributed \$194,390 for the operations of the Recreation Commission. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Recreation Commission can be obtained from the city offices at 215 W. Main Street, Northville, MI 48167.

The City sponsors a pension plan and postretirement benefit plan on behalf of the Recreation Commission. There are no active Recreation Commission employees in the plan sponsored by the City. The Recreation Commission contributes a pro rata share of the amortization of unfunded actuarial liability for the defined benefit pension plan and postretirement benefit plan.

June 30, 2023

Note 12 - Jointly Governed Organizations (Continued)

The City participates in the Northville Youth Assistance Commission (the "Commission") as a joint venture with the Charter Township of Northville and Northville Public Schools. The City appoints three members to the governing board of the Commission. Approval of the annual budget is required by the City and the Charter Township of Northville. At June 30, 2023, the investment in the Commission was \$33,147. During the current year, the City contributed \$18,127 for the operations of the Commission. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Commission can be obtained from the Charter Township of Northville at 44405 Six Mile Road, Northville, MI 48167.

The City is a member of the 35th District Court System, which provides judicial services to the City and various other surrounding communities. The City appoints one member to the joint venture's board, which then approves the annual budget, and one member to the related Building Authority board. Complete financial statements for the court can be obtained from the 35th Judicial District Court at 660 Plymouth Road, Plymouth, MI 48170.

The City is also served by the North Huron Valley/Rouge Valley (NHV/RV) Sewage Disposal System, which provides services to 17 municipal entities, including cities, townships, and counties. During fiscal year 2023, the City paid \$893,486 for sewage disposal, operation and maintenance, and debt in this system. Payment of these charges is funded through the collection of sewer fees to city residents.

Note 13 - 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 participates in the Michigan Municipal Risk Management Authority (the "Authority") for claims relating to property loss, torts, and errors and omissions. The City also participates in the Accident Fund Municipal Group Program for employee injuries. The City purchases commercial insurance for all medical benefits and for firefighter death and disability coverage. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City. A portion of the excess insurance coverage is underwritten by the Michigan Municipal Risk Management Authority itself.

The City estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported and claims that may have been incurred but not reported.

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

	2023	2022
Estimated liability - Beginning of year	\$ 61,804	\$ 273,730
Estimated claims incurred, including changes in estimates	(15,042)	(162,993)
Claim payments	(6,308)	(48,933)
Estimated liability - End of year	<u>\$ 40,454</u>	<u>\$ 61,804</u>

Note 14 - Tax Abatements

The City entered into a lease agreement with one local business to utilize its vacant lot as public parking. Per the underlying contractual agreement, the City reimburses the business 100 percent of its annual property taxes. The local business pays its full tax bills each year. The lease agreement may be terminated at any time. For the current fiscal year, the City reimbursed a total of \$2,952 to the property owner.

Note 15 - Leases

The City leases certain assets to third parties. The assets leased include land leased to an internet provider being used as a cell tower location. Payments are generally fixed monthly with a 3 percent annual increase of the annual rent in effect for the year immediately preceding the adjustment date.

During the year ended June 30, 2023, the City recognized the following related to its lessor agreements:

Lease revenue	\$	39,901
Interest income related to its leases		24,133

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,064,167	\$ 6,056,116	\$ 6,059,621	\$ 3,505
State-shared revenue and grants	696,677	807,719	800,732	(6,987)
Sales and services:				
Cemetery	87,500	226,980	218,470	(8,510)
Charges for overhead services	164,750	154,750	154,750	-
Sales and services	841,497	852,555	1,139,060	286,505
Fines and forfeitures	10,800	10,590	10,487	(103)
Licenses, fees, and permits	409,000	428,095	442,281	14,186
Interest and rentals:				
Investment income	45,055	106,575	115,955	9,380
Rental income	167,558	167,656	163,380	(4,276)
Other revenue:				
Local contributions	50,000	50,000	50,000	-
Other	22,476	252,174	265,036	12,862
Racetrack breakage	16,205	13,700	12,500	(1,200)
Total revenue	8,575,685	9,126,910	9,432,272	305,362
Expenditures				
Current services:				
General government:				
City Council	26,755	54,650	56,832	(2,182)
City manager and communications	466,310	625,270	621,259	4,011
Finance and administrative services	349,585	345,635	344,313	1,322
Technology costs	192,940	140,405	129,806	10,599
Tax and assessing	230,015	229,180	225,352	3,828
City clerk	121,480	133,430	132,880	550
City attorney	152,000	195,325	186,055	9,270
Elections	99,915	129,460	107,863	21,597
Insurance and other	31,080	34,580	32,983	1,597
Planning, zoning, and inspection	447,325	465,670	801,182	(335,512)
Central supply	27,430	28,430	26,503	1,927
Public safety:				
Police department	3,211,310	3,101,937	3,061,055	40,882
Fire department	1,152,170	1,136,525	1,030,158	106,367
Public works:				
Civic events	40,275	44,060	39,195	4,865
Administration	258,915	265,845	263,739	2,106
Street lighting and miscellaneous public works	185,300	213,420	208,217	5,203
Beautification	4,035	4,035	4,718	(683)
Cemetery	182,375	226,980	218,469	8,511
Building and grounds	204,500	265,155	263,897	1,258
Contribution to MERS Trusts	200,000	550,000	550,000	-
Recreation and culture	241,148	241,148	241,147	1
Debt service	52,523	52,523	52,523	-
Total expenditures	7,877,386	8,483,663	8,598,146	(114,483)
Excess of Revenue Over Expenditures	698,299	643,247	834,126	190,879

Required Supplementary Information
Budgetary Comparison Schedule
General Fund (Continued)

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Other Financing Sources (Uses)				
Transfers in	\$ 111,000	\$ 33,075	\$ 33,075	\$ -
Transfers out	(604,339)	(550,831)	(550,831)	-
Total other financing uses	(493,339)	(517,756)	(517,756)	-
Net Change in Fund Balance	204,960	125,491	316,370	190,879
Fund Balance - Beginning of year	3,226,164	3,226,164	3,226,164	-
Fund Balance - End of year	\$ 3,431,124	\$ 3,351,655	\$ 3,542,534	\$ 190,879

City of Northville, Michigan

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 226,550	\$ 232,220	\$ 235,361	\$ 3,141
Interest and rentals	150	(270)	(168)	102
Total revenue	226,700	231,950	235,193	3,243
Expenditures - Current services - Public works	1,625,664	1,512,340	1,225,382	286,958
Excess of Expenditures Over Revenue	(1,398,964)	(1,280,390)	(990,189)	290,201
Other Financing Sources - Transfers in	1,236,650	1,373,855	1,139,922	(233,933)
Net Change in Fund Balance	(162,314)	93,465	149,733	56,268
Fund Balance - Beginning of year	145,929	145,929	145,929	-
Fund Balance - End of year	<u><u>\$ (16,385)</u></u>	<u><u>\$ 239,394</u></u>	<u><u>\$ 295,662</u></u>	<u><u>\$ 56,268</u></u>

City of Northville, Michigan

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Parking Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 35,655	\$ 35,655	\$ 35,655	\$ -
Licenses, fees, and permits	5,500	5,200	5,575	375
Interest and rentals	2,805	9,960	11,092	1,132
Other revenue	123,660	108,860	102,790	(6,070)
Total revenue	167,620	159,675	155,112	(4,563)
Expenditures - Current services - Public works	148,401	231,218	202,582	28,636
Excess of Revenue Over (Under) Expenditures	19,219	(71,543)	(47,470)	24,073
Other Financing Sources - Transfers in	18,235	17,155	17,155	-
Net Change in Fund Balance	37,454	(54,388)	(30,315)	24,073
Fund Balance - Beginning of year	580,540	580,540	580,540	-
Fund Balance - End of year	<u><u>\$ 617,994</u></u>	<u><u>\$ 526,152</u></u>	<u><u>\$ 550,225</u></u>	<u><u>\$ 24,073</u></u>

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios

Last Nine Fiscal Years

	2023 (12/31/22 Measurement Date)	2022 (12/31/21 Measurement Date)	2021 (12/31/20 Measurement Date)	2020 (12/31/19 Measurement Date)	2019 (12/31/18 Measurement Date)	2018 (12/31/17 Measurement Date)	2017 (12/31/16 Measurement Date)	2016 (12/31/15 Measurement Date)	2015 (12/31/14 Measurement Date)
Total Pension Liability									
Service cost	\$ 40,103	\$ 35,416	\$ 31,315	\$ 56,958	\$ 56,977	\$ 98,211	\$ 90,532	\$ 105,071	\$ 108,463
Interest	1,513,402	1,574,798	1,531,345	1,589,919	1,566,081	1,534,515	1,547,682	1,518,738	1,508,044
Differences between expected and actual experience	146,107	(258,017)	361,627	(218,863)	377,102	370,870	(287,626)	(45,461)	-
Changes in assumptions	-	664,636	499,596	668,816	-	-	-	881,953	-
Benefit payments, including refunds	(1,866,686)	(1,864,704)	(1,843,612)	(1,773,898)	(1,630,416)	(1,546,397)	(1,491,621)	(1,540,297)	(1,430,069)
Net Change in Total Pension Liability	(167,074)	152,129	580,271	322,932	369,744	457,199	(141,033)	920,004	186,438
Total Pension Liability - Beginning of year	21,787,804	21,635,675	21,055,404	20,732,472	20,362,728	19,905,529	20,046,562	19,126,558	18,940,120
Total Pension Liability - End of year	\$ 21,620,730	\$ 21,787,804	\$ 21,635,675	\$ 21,055,404	\$ 20,732,472	\$ 20,362,728	\$ 19,905,529	\$ 20,046,562	\$ 19,126,558
Plan Fiduciary Net Position									
Contributions - Employer	\$ 2,242,082	\$ 2,305,870	\$ 1,900,497	\$ 1,975,822	\$ 1,944,846	\$ 1,441,908	\$ 1,319,184	\$ 1,307,640	\$ 1,099,108
Contributions - Member	5,504	5,314	9,324	10,532	12,996	12,583	11,156	11,969	11,676
Net investment (loss) income	(2,135,167)	2,278,269	2,083,138	1,732,088	(514,514)	1,517,589	1,191,540	(167,140)	661,980
Administrative expenses	(35,959)	(26,964)	(29,397)	(29,811)	(25,025)	(23,990)	(23,515)	(23,783)	(24,342)
Benefit payments, including refunds	(1,866,686)	(1,864,704)	(1,843,612)	(1,773,898)	(1,630,416)	(1,546,397)	(1,491,621)	(1,540,297)	(1,430,069)
Net Change in Plan Fiduciary Net Position	(1,790,226)	2,697,785	2,119,950	1,914,733	(212,113)	1,401,693	1,006,744	(411,611)	318,353
Plan Fiduciary Net Position - Beginning of year	19,403,631	16,705,846	14,585,896	12,671,163	12,883,276	11,481,583	10,474,839	10,886,450	10,568,097
Plan Fiduciary Net Position - End of year	\$ 17,613,405	\$ 19,403,631	\$ 16,705,846	\$ 14,585,896	\$ 12,671,163	\$ 12,883,276	\$ 11,481,583	\$ 10,474,839	\$ 10,886,450
City's Net Pension Liability - Ending	\$ 4,007,325	\$ 2,384,173	\$ 4,929,829	\$ 6,469,508	\$ 8,061,309	\$ 7,479,452	\$ 8,423,946	\$ 9,571,723	\$ 8,240,108
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.47 %	89.06 %	77.21 %	69.27 %	61.12 %	63.27 %	57.68 %	52.25 %	56.92 %
Covered Payroll	\$ 259,920	\$ 250,060	\$ 250,071	\$ 446,148	\$ 451,293	\$ 731,856	\$ 706,615	\$ 825,019	\$ 855,589
City's Net Pension Liability as a Percentage of Covered Payroll	1,541.75 %	953.44 %	1,971.37 %	1,450.08 %	1,786.27 %	1,021.98 %	1,192.15 %	1,160.18 %	963.09 %

Required Supplementary Information
Schedule of Pension Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,488,552	\$ 1,343,736	\$ 1,197,792	\$ 1,075,608	\$ 986,107	\$ 1,052,112	\$ 901,164	\$ 851,664	\$ 842,856	\$ 760,020
Contributions in relation to the actuarially determined contribution	<u>2,236,898</u>	<u>2,305,570</u>	<u>1,900,497</u>	<u>1,975,822</u>	<u>1,944,846</u>	<u>1,441,908</u>	<u>1,319,184</u>	<u>1,307,640</u>	<u>1,099,108</u>	<u>1,042,329</u>
Contribution Excess	<u>\$ 748,346</u>	<u>\$ 961,834</u>	<u>\$ 702,705</u>	<u>\$ 900,214</u>	<u>\$ 958,739</u>	<u>\$ 389,796</u>	<u>\$ 418,020</u>	<u>\$ 455,976</u>	<u>\$ 256,252</u>	<u>\$ 282,309</u>

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	16 years
Asset valuation method	5-year smoothed
Inflation	2.50 percent
Salary increase	3.00 percent
Investment rate of return	7.60 percent, net of pension plan investment expense and gross of administrative expenses
Retirement age	60
Mortality	Pre-Retirement and Non-Disabled: the Pub-2010 and PubG-2010 Mortality tables for Juveniles, Employees, and Healthy Retirees; Disabled: the Pub-2010 and PubG-2010 Mortality tables for Juveniles, Employees, and Disabled Retirees. The mortality assumptions include a margin for future mortality improvements using Scale MP-2019.
Other information	None

Required Supplementary Information
Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios -
Retiree Health Care Plan

Last Six Fiscal Years*

	2023 (12/31/22) Measurement Date)	2022 (12/31/21) Measurement Date)	2021 (12/31/20) Measurement Date)	2020 (12/31/19) Measurement Date)	2019 (12/31/18) Measurement Date)	2018 (12/31/17) Measurement Date)
Total OPEB Liability						
Service cost	\$ 71,466	\$ 76,066	\$ 96,431	\$ 94,079	\$ 129,148	\$ 130,093
Interest	810,053	820,541	814,356	796,328	854,849	831,247
Differences between expected and actual experience	(391,887)	15,589	199,217	-	(1,087,439)	-
Changes in assumptions	(1,688,569)	(460,689)	(340,902)	-	(1,037,180)	-
Benefit payments, including refunds	(595,744)	(673,824)	(667,285)	(600,797)	(633,720)	(691,872)
Net Change in Total OPEB Liability	(1,794,681)	(222,317)	101,817	289,610	(1,774,342)	269,468
Total OPEB Liability - Beginning of year	11,798,583	12,020,900	11,919,083	11,629,473	13,403,815	13,134,347
Total OPEB Liability - End of year	\$ 10,003,902	\$ 11,798,583	\$ 12,020,900	\$ 11,919,083	\$ 11,629,473	\$ 13,403,815
Plan Fiduciary Net Position						
Contributions - Employer	\$ 145,256	\$ 223,824	\$ 767,285	\$ 600,797	\$ 779,921	\$ 593,069
Net investment (loss) income	(1,400,640)	1,692,554	1,424,531	1,270,482	(352,219)	1,108,749
Administrative expenses	(21,615)	(23,323)	(19,169)	(18,103)	(23,589)	(21,446)
Benefit payments, including refunds	(595,744)	(673,824)	(667,285)	(600,797)	(633,720)	(691,872)
Net Change in Plan Fiduciary Net Position	(1,872,743)	1,219,231	1,505,362	1,252,379	(229,607)	988,500
Plan Fiduciary Net Position - Beginning of year	13,383,362	12,164,131	10,658,769	9,406,390	9,635,997	8,647,497
Plan Fiduciary Net Position - End of year	\$ 11,510,619	\$ 13,383,362	\$ 12,164,131	\$ 10,658,769	\$ 9,406,390	\$ 9,635,997
Net OPEB (Asset) Liability - Ending	\$ (1,506,717)	\$ (1,584,779)	\$ (143,231)	\$ 1,260,314	\$ 2,223,083	\$ 3,767,818
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	115.06 %	113.43 %	101.19 %	89.43 %	80.88 %	71.89 %
Covered-employee Payroll	\$ 960,911	\$ 990,386	\$ 1,072,907	\$ 1,236,143	\$ 1,494,412	\$ 1,552,588
Net OPEB (Asset) Liability as a Percentage of Covered-employee Payroll	(156.80)%	(160.02)%	(13.35)%	101.96 %	148.76 %	242.68 %

* This schedule is being built prospectively until the required 10 years of data is presented.

Required Supplementary Information
Schedule of Changes in the Net OPEB Asset and Related Ratios -
Parks and Recreation Retiree Health Care Plan

	Last Five Plan Years*				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Interest	\$ 51,881	\$ 52,464	\$ 50,262	\$ 50,172	\$ 58,635
Differences between expected and actual experience	(39,077)	7,539	53,745	-	(122,088)
Changes in assumptions	(159,961)	(24,711)	(21,782)	-	(70,657)
Benefit payments, including refunds	(36,262)	(50,979)	(50,526)	(47,260)	(55,200)
Net Change in Total OPEB Liability	(183,419)	(15,687)	31,699	2,912	(189,310)
Total OPEB Liability - Beginning of year	759,291	774,978	743,279	740,367	929,677
Total OPEB Liability - End of year	\$ 575,872	\$ 759,291	\$ 774,978	\$ 743,279	\$ 740,367
Plan Fiduciary Net Position					
Contributions - Employer	\$ -	\$ -	\$ -	\$ 64,013	\$ 64,013
Net investment (loss) income	(112,183)	137,537	116,534	108,259	(30,989)
Administrative expenses	(1,746)	(1,896)	(1,624)	(1,532)	-
Benefit payments, including refunds	(36,262)	(50,979)	(50,526)	(47,260)	(55,200)
Other	-	-	-	-	(2,054)
Net Change in Plan Fiduciary Net Position	(150,191)	84,662	64,384	123,480	(24,230)
Plan Fiduciary Net Position - Beginning of year	1,081,203	996,541	932,157	808,677	832,907
Plan Fiduciary Net Position - End of year	\$ 931,012	\$ 1,081,203	\$ 996,541	\$ 932,157	\$ 808,677
Net OPEB Asset - Ending	\$ (355,140)	\$ (321,912)	\$ (221,563)	\$ (188,878)	\$ (68,310)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	161.67 %	142.40 %	128.59 %	125.41 %	109.23 %
Covered Payroll**	\$ -	\$ -	\$ -	\$ -	\$ -

*This schedule is being built prospectively until the required 10 years of data is presented.

**The plan is composed of inactive members (retirees) and is closed to new hires. The last active employee in the defined benefit OPEB plan terminated employment in January 2018. Covered payroll for the year ended December 31, 2018 and after is \$0.

Required Supplementary Information
Schedule of OPEB Contributions -
Retiree Health Care Plan

	Last Ten Fiscal Years Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ -	\$ 78,057	\$ 76,153	\$ 281,066	\$ 278,711	\$ 391,691	\$ 808,187	\$ 993,116	\$ 840,692	\$ 820,187
Contributions in relation to the actuarially determined contribution	145,256	223,824	767,285	600,797	779,921	847,194	1,001,872	1,109,503	961,787	1,129,194
Contribution Excess	\$ 145,256	\$ 145,767	\$ 691,132	\$ 319,731	\$ 501,210	\$ 455,503	\$ 193,685	\$ 116,387	\$ 121,095	\$ 309,007

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	4.50 to 7.75 percent
Salary increase	2.50 percent
Investment rate of return	7.00 percent
Retirement age	100 percent at 25 years of full-time service
Mortality	Pre-Retirement: Pub-2010 General Employees Morality Table without adjustments, Healthy Retirees: Pub-2010 General Retiree Mortality Table (scaled by a factor of 106 percent), and Disabled Retirees: PubNS-2010 Disabled Retiree Mortality Table without Adjustments. The mortality assumptions include a margin for future mortality improvements using Scale MP-2021.
Other information	None

City of Northville, Michigan

Required Supplementary Information Schedule of OPEB Contributions - Parks and Recreation Retiree Health Care Plan

	Last Ten Fiscal Years									
	Years Ended									
	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017**	6/30/2017*	6/30/2016*	6/30/2015*	6/30/2014*
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 64,013	\$ 38,181	\$ 74,666	\$ 993,116	\$ 840,692	\$ 820,187
Contributions in relation to the actuarially determined contribution	-	-	-	64,013	64,013	78,030	180,962	1,109,503	961,787	1,129,194
Contribution Excess	\$ -	\$ -	\$ -	\$ 64,013	\$ -	\$ 39,849	\$ 106,296	\$ 116,387	\$ 121,095	\$ 309,007
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,363	\$ 169,460	\$ 2,689,840	\$ 2,618,278	\$ 2,618,278
Contributions as a Percentage of Covered Payroll	- %	- %	- %	- %	- %	65.92 %	106.79 %	41.25 %	36.73 %	43.13 %

*Disclosures through fiscal year ended June 30, 2016 include both the City and Parks and Recreation participants.

**Reflects half-year amounts from July 1, 2017 - December 31, 2017 due to a change in fiscal year.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	0 years
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	4.50 to 6.25 percent
Salary increase	N/A
Investment rate of return	7.00 percent
Retirement age	Not applicable
Mortality	Pub-2010 General Employees Mortality Table. The mortality assumptions include a margin for future mortality improvements using Scale MP-2021.
Other information	None

City of Northville, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns - Retiree Health Care Plan

	Last Seven Plan Years* Years Ended December 31						
	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	(10.63)%	14.17 %	13.37 %	13.52 %	(3.65)%	13.11 %	10.83 %

*This schedule is being built prospectively until the required 10 years of data is presented.

City of Northville, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns - Parks and Recreation Retiree Health Care Plan

	Last Seven Plan Years* Years Ended December 31						
	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	(10.55)%	14.14 %	12.82 %	13.67 %	(3.68)%	14.48 %	10.83 %

*This schedule is being built prospectively until the required 10 years of data is presented.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the revenue and expenditures categories, rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end. The legal level of budgetary control adopted by the City is the activity level.

The budget represents a complete financial plan for all activities of the City for the ensuing fiscal year. All estimated income and proposed expenditures are detailed and presented in a form prescribed by law. In addition, this budget presents the proposed budget as part of a five-year plan to improve the decision-making process.

The budget process begins with goals and objectives meetings in January with the City Council, city manager, and administrative staff. These are public meetings. Based upon presentations by the city staff and discussion between the mayor and City Council, strategic priorities are set by the City Council for the next two years.

Each January, department heads receive workpapers to prepare their individual line-item budgets. Upon completion, the departmental budgets are returned to the finance director in February. The city manager and the finance director then analyze these amounts. Furthermore, discussions occur with department heads, and the budget is adjusted accordingly.

A proposed balanced budget is then developed to support the direction and focus established for the community by the City Council. Specific issues are identified that are vital to continued quality services within the means available. This method of budgeting serves to improve the level of organizational accountability. The City Council meetings, held in April and May, provide all interested citizens an open forum where they can be heard. Upon review and a subsequent public hearing, the City Council adopts the budget by resolution.

The budget is scheduled for adoption at the second regular City Council meeting in May. The operating millage rate is established as part of the budget adoption resolution at that meeting.

For the year ended June 30, 2023, the City incurred expenditures in the General Fund that were in excess of amounts budgeted as follows:

- City council expenditures in the General Fund were approximately \$2,200 higher than budgeted due to required contracted transcription services during the clerk vacancy and unexpected costs at year end.
- Planning, zoning, and inspection expenditures in the General Fund were approximately \$336,000 higher than budgeted due to escrow activity previously recorded on the balance sheet being recorded in the income statement in the current year. There was an offsetting revenue to cover the costs.
- Beautification expenditures in the General Fund were approximately \$700 higher than budgeted due to a seedling give away.

Pension Information

Changes in Assumptions

In the 2015 actuarial valuation, the mortality assumptions were adjusted from the 2014 actuarial valuation to reflect longer lifetimes, and the investment rate of return decreased from 8.00 to 7.75 percent.

In the 2019 actuarial valuation, the discount rate and expected investment return assumptions decreased from 7.75 to 7.35 percent (net of investment expenses and administrative expenses), and the wage inflation rate decreased from 3.75 to 3.00 percent.

In the 2020 actuarial valuation, the mortality tables used were updated from the RP-2014 mortality tables to the Pub-2010 mortality tables; salary increase ranges changed from 3.00-14.00 percent to 3.00-9.70 percent, including inflation; and new Final Average Compensation load assumptions were adopted.

June 30, 2023

In the 2021 actuarial valuation, a dedicated gains policy was adopted that automatically adjusts assumed rate of investment returns by using excess asset gains to mitigate large increases in required contributions to the plan. As a result, the discount rate and expected investment return assumptions decreased from 7.35 to 7.00 percent (net of investment and administrative expenses).

OPEB Information

Changes in Assumptions

In the 2018 actuarial valuations for both plans, the discount rate and expected investment return assumptions increased from 6.50 to 7.00 percent. The assumption for per capita costs was updated to reflect actual experience since the previous valuation, and the assumption for the baseline health care cost trend was updated to match the uniform assumptions most recently published by the Michigan Department of Treasury. For the purpose of determining the actuarially determined contribution, the amortization of the unfunded accrued liability was changed from level percentage of payroll to a level dollar to comply with the uniform assumptions most recently published by the Michigan Department of Treasury.

In the 2020 actuarial valuation for both plans, the mortality tables used were updated from the RP-2014 mortality tables to the Pub-2010 mortality tables, and the health care cost trend rates changed from a range of 4.50 to 8.50 percent to a range of 4.50 to 8.25 percent.

In the 2021 actuarial valuation for both plans, the mortality tables used were updated from the Pub-2010 mortality tables with scale MP-2019 to Pub-2010 mortality tables with scale MP-2021. The health care cost trend rates changed from a range of 4.50 to 8.25 percent for both plans to a range of 4.50 to 7.25 percent for the Retiree Health Care Plan and a range of 4.50 to 7.50 percent for the Parks and Recreation Retiree Health Care Plan.

In the 2022 actuarial valuation for both plans, the per capital costs were updated to reflect experience since the previous valuation. The health care cost trend rates changed from a range of 4.50 to 7.25 percent to 4.50 to 7.75 percent for the Retiree Health Care Plan and from a range of 4.50 to 7.50 percent to a range of 4.50 to 6.25 percent for the Parks and Recreation Retiree Health Care Plan.

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
General Fund

June 30, 2023

	General Fund	Interfund Investment Pool Fund	Payroll Fund	Sustainability Revolving Fund	MMRMA Retention Fund	Total
Assets						
Cash and investments	\$ 3,221,585	\$ -	\$ 57,917	\$ 15,985	\$ -	\$ 3,295,487
Receivables:						
Property taxes receivable	3,109	-	-	-	-	3,109
Customer receivables	70	-	-	-	-	70
Accrued interest receivable	-	3,174	-	-	-	3,174
Other receivables	78,078	-	47,736	8	-	125,822
Due from other governmental units	258,994	-	8,954	-	-	267,948
Due from component units	1,871	-	-	-	-	1,871
Due from other funds	94,374	-	-	-	-	94,374
Advances to other funds	279,500	-	-	-	-	279,500
Inventory	33,780	-	-	-	-	33,780
Prepaid expenses and other assets	87,413	-	146,805	-	309,680	543,898
Total assets	\$ 4,058,774	\$ 3,174	\$ 261,412	\$ 15,993	\$ 309,680	\$ 4,649,033
Liabilities						
Accounts payable	\$ 234,745	\$ -	\$ 17,686	\$ 2	\$ -	\$ 252,433
Due to other governmental units	97	-	-	-	-	97
Refundable deposits, bonds, etc.	260,989	-	-	-	-	260,989
Accrued liabilities and other	261,220	3,174	243,726	-	40,454	548,574
Unearned revenue	10,264	-	-	-	-	10,264
Total liabilities	767,315	3,174	261,412	2	40,454	1,072,357
Deferred Inflows of Resources -						
Unavailable revenue	34,142	-	-	-	-	34,142
Total liabilities and deferred inflows of resources	801,457	3,174	261,412	2	40,454	1,106,499
Fund Balances						
Nonspendable:						
Inventory	33,780	-	-	-	-	33,780
Prepays	87,413	-	146,805	-	309,680	543,898
Long-term advance to other fund	279,500	-	-	-	-	279,500
Restricted						
Police forfeitures	115,417	-	-	-	-	115,417
PEG fees	3,687	-	-	-	-	3,687
Assigned:						
Beautification commission	841	-	-	-	-	841
Election equipment	10,000	-	-	-	-	10,000
Developer escrow	4,821	-	-	-	-	4,821
Sustainability revolving fund	-	-	-	15,991	-	15,991
Unassigned	2,721,858	-	(146,805)	-	(40,454)	2,534,599
Total fund balances	3,257,317	-	-	15,991	269,226	3,542,534
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,058,774	\$ 3,174	\$ 261,412	\$ 15,993	\$ 309,680	\$ 4,649,033

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
General Fund*

Year Ended June 30, 2023

	General Fund	Interfund Investment Pool Fund	Payroll Fund	Sustainability Revolving Fund	MMRMA Retention Fund	Total
Revenue						
Property taxes	\$ 6,059,621	\$ -	\$ -	\$ -	\$ -	\$ 6,059,621
State-shared revenue and grants:						
Federal grants	3,898	-	-	-	-	3,898
State-shared revenue and grants	796,834	-	-	-	-	796,834
Sales and services:						
Cemetery	218,470	-	-	-	-	218,470
Charges for overhead services	154,750	-	-	-	-	154,750
Sales and services	1,139,060	-	-	-	-	1,139,060
Fines and forfeitures	10,487	-	-	-	-	10,487
Licenses, fees, and permits	442,281	-	-	-	-	442,281
Interest and rentals:						
Investment income	115,601	-	-	354	-	115,955
Rental income	163,380	-	-	-	-	163,380
Other revenue:						
Local contributions	50,000	-	-	-	-	50,000
Other	121,169	-	-	-	143,867	265,036
Racetrack breakage	12,500	-	-	-	-	12,500
Total revenue	9,288,051	-	-	354	143,867	9,432,272
Expenditures						
Current services:						
General government	2,665,028	-	-	-	-	2,665,028
Public safety:						
Police department	3,061,055	-	-	-	-	3,061,055
Fire department	1,030,158	-	-	-	-	1,030,158
Public works	998,235	-	-	-	-	998,235
Contribution to MERS Trusts	550,000	-	-	-	-	550,000
Recreation and culture	241,147	-	-	-	-	241,147
Debt service	52,523	-	-	-	-	52,523
Total expenditures	8,598,146	-	-	-	-	8,598,146
Excess of Revenue Over Expenditures	689,905	-	-	354	143,867	834,126
Other Financing Sources (Uses)						
Transfers in	33,075	-	-	-	-	33,075
Transfers out	(550,831)	-	-	-	-	(550,831)
Total other financing uses	(517,756)	-	-	-	-	(517,756)
Net Change in Fund Balances	172,149	-	-	354	143,867	316,370
Fund Balances - Beginning of year	3,085,168	-	-	15,637	125,359	3,226,164
Fund Balances - End of year	<u>\$ 3,257,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,991</u>	<u>\$ 269,226</u>	<u>\$ 3,542,534</u>

*Note that in the previous year the MMRMA Retention Fund was reported within the General Fund but has been broken out into a separate fund for the year ended June 30, 2023.

City of Northville, Michigan

	Special Revenue Funds			
	Major Streets	Street, Drainage, and Sidewalk Improvement	Housing Commission	Cemetery
Assets				
Cash and investments	\$ 134,856	\$ 858,310	\$ 406,455	\$ 1,294,017
Receivables:				
Other receivables	19,002	453	722	-
Due from other governmental units	85,485	8	-	-
Prepaid expenses and other assets	637	-	7,243	-
Total assets	\$ 239,980	\$ 858,771	\$ 414,420	\$ 1,294,017
Liabilities				
Accounts payable	\$ 21,479	\$ 138	\$ 5,701	\$ -
Refundable deposits, bonds, etc.	-	-	33,467	-
Accrued liabilities and other	2,035	-	12,076	-
Unearned revenue	-	-	1,584	-
Total liabilities	23,514	138	52,828	-
Fund Balances				
Nonspendable - Prepaids	637	-	7,243	-
Restricted:				
Roads, streets, drains, and sidewalk improvements	215,829	858,633	-	-
Debt service	-	-	-	-
Committed:				
Equipment and capital projects	-	-	-	-
Cemetery	-	-	-	1,294,017
Allen Terrace	-	-	354,349	-
Debt service	-	-	-	-
Total fund balances	216,466	858,633	361,592	1,294,017
Total liabilities and fund balances	\$ 239,980	\$ 858,771	\$ 414,420	\$ 1,294,017

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

Debt Service Funds			Capital Project Funds		Total Nonmajor Governmental Funds
2018 UTGO Debt Retirement	DDA Debt Service	Housing Debt Retirement	Police Equipment Replacement	Housing Commission Capital Outlay	
\$ 418	\$ 2,596	\$ -	\$ 211,876	\$ 1,300,711	\$ 4,209,239
-	1	-	72	572	20,822
4	-	-	-	-	85,497
-	-	-	-	-	7,880
\$ 422	\$ 2,597	\$ -	\$ 211,948	\$ 1,301,283	\$ 4,323,438
\$ -	\$ -	\$ -	\$ 18	\$ 141	\$ 27,477
-	-	-	-	-	33,467
-	-	-	-	-	14,111
-	-	-	-	-	1,584
-	-	-	18	141	76,639
-	-	-	-	-	7,880
-	-	-	-	-	1,074,462
422	-	-	-	-	422
-	-	-	211,930	1,301,142	1,513,072
-	-	-	-	-	1,294,017
-	-	-	-	-	354,349
-	2,597	-	-	-	2,597
422	2,597	-	211,930	1,301,142	4,246,799
\$ 422	\$ 2,597	\$ -	\$ 211,948	\$ 1,301,283	\$ 4,323,438

City of Northville, Michigan

	Special Revenue Funds			
	Major Streets	Street, Drainage, and Sidewalk Improvement	Housing Commission	Cemetery
Revenue				
Property taxes	\$ -	\$ 723,780	\$ -	\$ -
State-shared revenue and grants:				
State-shared revenue and grants	511,417	3,766	-	-
Community Development Block Grant	-	-	-	-
Sales and services	-	-	10,380	17,321
Interest and rentals:				
Investment income (loss)	5,601	30,246	8,633	48,248
Rental income	-	-	854,272	-
Other revenue:				
Local contributions	-	-	100	-
Other	17,414	-	8,200	-
Michigan Housing Authority subsidies	-	-	56,209	-
Total revenue	534,432	757,792	937,794	65,569
Expenditures				
Current services:				
Public safety	-	-	-	-
Public works	221,271	-	-	-
Senior housing	-	-	676,960	-
Debt service	-	-	-	-
Total expenditures	221,271	-	676,960	-
Excess of Revenue Over (Under) Expenditures	313,161	757,792	260,834	65,569
Other Financing Sources (Uses)				
Transfers in	-	-	16,950	-
Transfers out	(244,500)	(895,422)	(254,414)	-
Sale of capital assets	-	-	-	-
Total other financing (uses) sources	(244,500)	(895,422)	(237,464)	-
Net Change in Fund Balances	68,661	(137,630)	23,370	65,569
Fund Balances - Beginning of year	147,805	996,263	338,222	1,228,448
Fund Balances - End of year	\$ 216,466	\$ 858,633	\$ 361,592	\$ 1,294,017

Other Supplementary Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2023

Debt Service Funds			Capital Project Funds		Total Nonmajor Governmental Funds
2018 UTGO Debt Retirement	DDA Debt Service	Housing Debt Retirement	Police Equipment Replacement	Housing Commission Capital Outlay	
\$ 350,910	\$ -	\$ -	\$ -	\$ -	\$ 1,074,690
1,925	-	-	224	-	517,332
-	-	-	-	27,000	27,000
-	-	-	-	-	27,701
(1,391)	43	-	2,947	21,643	115,970
-	-	-	-	-	854,272
-	169,880	-	-	-	169,980
-	-	-	-	-	25,614
-	-	-	-	-	56,209
351,444	169,923	-	3,171	48,643	2,868,768
-	-	-	95,588	-	95,588
-	-	-	-	-	221,271
-	-	-	-	116,170	793,130
351,022	169,880	96,016	-	-	616,918
351,022	169,880	96,016	95,588	116,170	1,726,907
422	43	(96,016)	(92,417)	(67,527)	1,141,861
-	-	93,236	67,000	161,178	338,364
-	-	-	-	-	(1,394,336)
-	-	-	6,935	-	6,935
-	-	93,236	73,935	161,178	(1,049,037)
422	43	(2,780)	(18,482)	93,651	92,824
-	2,554	2,780	230,412	1,207,491	4,153,975
\$ 422	\$ 2,597	\$ -	\$ 211,930	\$ 1,301,142	\$ 4,246,799

Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2023

	Municipal Equipment	Employees' Accumulated Compensation	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 127,420	\$ 461,847	\$ 589,267
Receivables	94	224	318
Inventory	63,591	-	63,591
Prepaid expenses and other assets	9,391	-	9,391
Total current assets	200,496	462,071	662,567
Noncurrent assets:			
Leases receivable	676,174	-	676,174
Capital assets - Assets subject to depreciation	490,822	-	490,822
Total noncurrent assets	1,166,996	-	1,166,996
Total assets	1,367,492	462,071	1,829,563
Liabilities			
Current liabilities:			
Accounts payable	19,954	55	20,009
Accrued liabilities and other	1,004	-	1,004
Current portion of compensated absences	4,052	-	4,052
Total current liabilities	25,010	55	25,065
Noncurrent liabilities - Compensated absences - Net of current portion	6,679	-	6,679
Total liabilities	31,689	55	31,744
Deferred Inflows of Resources - Leases	633,797	-	633,797
Net Position			
Net investment in capital assets	490,822	-	490,822
Unrestricted	211,184	462,016	673,200
Total net position	<u>\$ 702,006</u>	<u>\$ 462,016</u>	<u>\$ 1,164,022</u>

City of Northville, Michigan

Other Supplementary Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended June 30, 2023

	Municipal Equipment	Employees' Accumulated Compensation	Total Internal Service Funds
Operating Revenue			
Rental income	\$ 290,083	\$ -	\$ 290,083
Other revenue	1,534	14,625	16,159
Total operating revenue	291,617	14,625	306,242
Operating Expenses			
Other operating and maintenance costs	257,867	-	257,867
Operating transfers	-	93,558	93,558
Depreciation	71,387	-	71,387
Total operating expenses	329,254	93,558	422,812
Operating Loss	(37,637)	(78,933)	(116,570)
Nonoperating Revenue			
Interest and investment income	25,205	9,636	34,841
Gain on sale of assets	5,510	-	5,510
Lease revenue	39,901	-	39,901
Total nonoperating revenue	70,616	9,636	80,252
Change in Net Position	32,979	(69,297)	(36,318)
Net Position - Beginning of year	669,027	531,313	1,200,340
Net Position - End of year	<u><u>\$ 702,006</u></u>	<u><u>\$ 462,016</u></u>	<u><u>\$ 1,164,022</u></u>

Other Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2023

	Municipal Equipment	Employees' Compensated Absences	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 290,083	\$ -	\$ 290,083
Payments to suppliers	(171,315)	-	(171,315)
Payments to employees and fringes	(89,143)	-	(89,143)
Other receipts (payments)	1,519	(209)	1,310
Disbursements for interfund transfers and reimbursements	-	(78,933)	(78,933)
Net cash and cash equivalents provided by (used in) operating activities	31,144	(79,142)	(47,998)
Cash Flows from Capital and Related Financing Activities			
Lease payments received	43,623	-	43,623
Proceeds from sale of capital assets	5,510	-	5,510
Purchase of capital assets	(44,727)	-	(44,727)
Net cash and cash equivalents provided by capital and related financing activities	4,406	-	4,406
Cash Flows from Investing Activities			
Interest received on investments	827	7,446	8,273
Net realized losses on investments	245	2,190	2,435
Net cash and cash equivalents provided by investing activities	1,072	9,636	10,708
Net Increase (Decrease) in Cash and Cash Equivalents	36,622	(69,506)	(32,884)
Cash and Cash Equivalents - Beginning of year	90,798	531,353	622,151
Cash and Cash Equivalents - End of year	\$ 127,420	\$ 461,847	\$ 589,267
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (37,637)	\$ (78,933)	\$ (116,570)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	71,387	-	71,387
Changes in assets and liabilities:			
Receivables	(15)	(209)	(224)
Inventories	(11,607)	-	(11,607)
Prepaid and other assets	(5,413)	-	(5,413)
Net pension liability or OPEB asset	(806)	-	(806)
Accounts payable	15,235	-	15,235
Total adjustments	68,781	(209)	68,572
Net cash and cash equivalents provided by (used in) operating activities	\$ 31,144	\$ (79,142)	\$ (47,998)

Other Supplementary Information
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2023

	Other Employee Benefit Trust Funds			Private Purpose Trust Fund	Custodial Funds		
	Retiree Health Care Trust Fund (As of 12/31/2022)	Parks and Recreation Retiree Health Care Trust Fund (As of 12/31/2022)	Total	Allen Terrace Trust Fund	Tax Collection Fund	Fire Custodial Fund	Total Fiduciary Funds
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 144,839	\$ 5,771	\$ 35,891	\$ 186,501
Investments	11,510,619	931,012	12,441,631	-	-	-	12,441,631
Receivables	-	-	-	72	-	-	72
Total assets	11,510,619	931,012	12,441,631	144,911	5,771	35,891	12,628,204
Liabilities - Accounts payable	-	-	-	18	5,771	-	5,789
Net Position							
Restricted:							
Postemployment benefits other than pension	11,510,619	931,012	12,441,631	-	-	-	12,441,631
Individuals, organizations, and other governments	-	-	-	144,893	-	35,891	180,784
Total net position	<u>\$ 11,510,619</u>	<u>\$ 931,012</u>	<u>\$ 12,441,631</u>	<u>\$ 144,893</u>	<u>\$ -</u>	<u>\$ 35,891</u>	<u>\$ 12,622,415</u>

Other Supplementary Information
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2023

	Other Employee Benefit Trust Funds			Private Purpose Trust Fund	Custodial Funds		
	Retiree Health Care Trust Fund (Year Ended December 31, 2022)	Parks and Recreation Retiree Health Care Trust Fund (Year Ended December 31, 2022)	Total	Allen Terrace Trust Fund	Tax Collection Fund	Fire Custodial Fund	Total Fiduciary Funds
Additions							
Investment (loss) income - Interest and dividends	\$ (1,400,639)	\$ (112,183)	\$ (1,512,822)	\$ 2,631	\$ -	\$ 12	\$ (1,510,179)
Contributions	-	-	-	-	-	48,177	48,177
Property tax collections on behalf of other governments	-	-	-	-	14,278,038	-	14,278,038
Total additions	(1,400,639)	(112,183)	(1,512,822)	2,631	14,278,038	48,189	12,816,036
Deductions							
Benefit payments	450,488	36,262	486,750	-	-	12,298	499,048
Rent assistance	-	-	-	767	-	-	767
Disbursements to Northville Public Schools	-	-	-	-	3,858,822	-	3,858,822
Disbursements to Northville District Library	-	-	-	-	518,505	-	518,505
Disbursements to Wayne County, Michigan	-	-	-	-	6,135,466	-	6,135,466
Disbursements to Oakland County, Michigan	-	-	-	-	3,749,056	-	3,749,056
Disbursements - Delinquent property taxes	-	-	-	-	16,189	-	16,189
Administrative expenses	21,616	1,746	23,362	-	-	-	23,362
Total deductions	472,104	38,008	510,112	767	14,278,038	12,298	14,801,215
Net (Decrease) Increase in Fiduciary Net Position	(1,872,743)	(150,191)	(2,022,934)	1,864	-	35,891	(1,985,179)
Net Position - Beginning of year	13,383,362	1,081,203	14,464,565	143,029	-	-	14,607,594
Net Position - End of year	<u>\$ 11,510,619</u>	<u>\$ 931,012</u>	<u>\$ 12,441,631</u>	<u>\$ 144,893</u>	<u>\$ -</u>	<u>\$ 35,891</u>	<u>\$ 12,622,415</u>