

City of
Northville
Michigan

**Financial Report
with Supplemental Information**

June 30, 2022

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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, 2022 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, 2022 and the respective changes in financial position and, where applicable, 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 Supplemental Information

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

Supplemental 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 supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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 supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moreau, PLLC

October 18, 2022

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, 2022.

Financial Highlights

Governmental assets and deferred outflows exceeded liabilities and deferred inflows by \$37.5 million, a 7.7 percent increase from the prior year. For business-type activities, net position increased by approximately \$384,000, or 5.7 percent.

Property tax revenue increased by 2.4 percent from the prior year, and it continues to be the City's single largest source of revenue at approximately 59 percent of total governmental revenue. The City's millage generated approximately \$5.5 million to support General Fund operations; \$666,000 for street, drainage, and sidewalk improvements; and \$350,000 for debt service. The Downtown Development Authority captured approximately \$443,000 in taxes.

Federal grant funding of \$37,000 was received during the fiscal year for public safety and senior housing. Approximately \$626,000 was received from the Coronavirus Local Fiscal Recovery fund under the American Rescue Plan Act (ARPA). Since it was not spent during the fiscal year, it is reflected in the current liabilities amount on the statement of net position for the City.

As of December 31, 2021, the net pension liability was \$2.4 million, and the plan's fiduciary net position was 89 percent of the total pension liability. There were a total of 75 participants in the plan, 3 of whom were active. That is down from 76 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 \$25,232.

As of December 31, 2021, the net other postemployment benefits (OPEB) asset was approximately \$1.6 million for the City and \$321,912 for the Parks and Recreation Commission. Both plans were over 100 percent funded and combined had a total of 13 actives and 87 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 \$531,000 to fund the accumulated compensated absences liability. This represents accumulated vacation, sick, and compensation time earned by employees.

Long-term governmental debt obligations are \$3 million. There are three general obligation debt issues outstanding. The Allen Terrace renovation bonds mature in fiscal year 2023, the streetscape improvement bonds mature in fiscal year 2025, and the street improvement bonds mature in fiscal year 2029. 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 \$455,000.

The net investment in capital assets was approximately \$27 million for governmental funds and \$7 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.

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.

City of Northville, Michigan

Management's Discussion and Analysis (Continued)

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 |
|---|--------------------------|----------------------|----------------------|---------------------|----------------|
| | 2020 | 2021 | 2022 | Change | |
| Assets | | | | | |
| Current and other assets | \$ 20,275,705 | \$ 18,101,979 | \$ 21,202,685 | \$ 3,100,706 | 17.1 |
| Capital assets | 24,860,216 | 27,100,648 | 26,625,174 | (475,474) | (1.8) |
| Total assets | 45,135,921 | 45,202,627 | 47,827,859 | 2,625,232 | 5.8 |
| Deferred Outflows of Resources - | | | | | |
| Related to pensions and OPEB | 960,241 | 1,160,341 | 951,967 | (208,374) | (18.0) |
| Liabilities | | | | | |
| Current liabilities | 2,580,504 | 1,748,372 | 2,618,759 | 870,387 | 49.8 |
| Noncurrent liabilities: | | | | | |
| Due within one year | 658,981 | 719,906 | 800,793 | 80,887 | 11.2 |
| Due in more than one year | 10,891,363 | 7,792,963 | 4,923,523 | (2,869,440) | (36.8) |
| Total liabilities | 14,130,848 | 10,261,241 | 8,343,075 | (1,918,166) | (18.7) |
| Deferred Inflows of Resources - | | | | | |
| Related to pensions and OPEB | 613,759 | 1,283,572 | 2,940,730 | 1,657,158 | 129.1 |
| Net Position | | | | | |
| Net investment in capital assets | 20,697,216 | 23,498,648 | 23,600,174 | 101,526 | 0.4 |
| Restricted | 4,416,338 | 2,151,565 | 1,403,749 | (747,816) | (34.8) |
| Unrestricted | 6,238,001 | 9,167,942 | 12,492,098 | 3,324,156 | 36.3 |
| Total net position | <u>\$ 31,351,555</u> | <u>\$ 34,818,155</u> | <u>\$ 37,496,021</u> | <u>\$ 2,677,866</u> | 7.7 |
| | Business-type Activities | | | | Percent Change |
| | 2020 | 2021 | 2022 | Change | |
| Assets | | | | | |
| Current and other assets | \$ 2,652,364 | \$ 1,447,676 | \$ 1,465,191 | \$ 17,515 | 1.2 |
| Capital assets | 5,742,627 | 6,975,260 | 6,657,412 | (317,848) | (4.6) |
| Total assets | 8,394,991 | 8,422,936 | 8,122,603 | (300,333) | (3.6) |
| Deferred Outflows of Resources - | | | | | |
| Related to pensions and OPEB | 129,607 | 146,316 | 115,174 | (31,142) | (21.3) |
| Liabilities | | | | | |
| Current liabilities | 1,133,118 | 1,058,931 | 401,850 | (657,081) | (62.1) |
| Noncurrent liabilities: | | | | | |
| Due within one year | 1,523 | 7,140 | 16,315 | 9,175 | 128.5 |
| Due in more than one year | 870,844 | 550,595 | 280,601 | (269,994) | (49.0) |
| Total liabilities | 2,005,485 | 1,616,666 | 698,766 | (917,900) | (56.8) |
| Deferred Inflows of Resources | 119,513 | 193,619 | 396,039 | 202,420 | 104.5 |
| Net Position | | | | | |
| Net investment in capital assets | 5,120,627 | 6,975,260 | 6,657,412 | (317,848) | (4.6) |
| Unrestricted | 1,278,973 | (216,293) | 485,560 | 701,853 | (324.5) |
| Total net position | <u>\$ 6,399,600</u> | <u>\$ 6,758,967</u> | <u>\$ 7,142,972</u> | <u>\$ 384,005</u> | 5.7 |

Governmental Activities

Overall, the City's net position of governmental activities increased by 7.7 percent from a year ago. Total assets increased by \$2.6 million primarily due to the recognition of a lease receivable new this year and increasing the retiree health care trust fund balances.

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.

The increase in current liabilities is due to the receipt of ARPA funds received but not yet spent in the amount of \$626,000. The decrease in noncurrent liabilities due in more than one year was due to additional contributions and investment income in the pension plan and debt service payments during the year.

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 5.7 percent was expected for the following reasons:

The decrease in capital assets and net investment in capital assets was related to depreciation expense 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.

The change in current liabilities fluctuates annually due to timing of accounts payable at year end. The decrease in noncurrent liabilities due in more than one year was due to additional contributions and investment income in the pension and other postemployment plans and debt service payments during the year.

Management's Discussion and Analysis (Continued)

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 |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------------|----------------|
| | 2020 | 2021 | 2022 | Change | |
| Revenue | | | | | |
| Program revenue: | | | | | |
| Charges for services | \$ 2,426,540 | \$ 2,428,546 | \$ 2,514,526 | \$ 85,980 | 3.5 |
| Operating grants and contributions | 413,081 | 834,112 | 355,188 | (478,924) | (57.4) |
| Capital grants and contributions | 659,245 | 766,180 | 199,830 | (566,350) | (73.9) |
| General revenue: | | | | | |
| Property taxes | 6,435,684 | 6,639,014 | 6,800,097 | 161,083 | 2.4 |
| State-shared revenue and grants | 1,174,671 | 1,313,510 | 1,478,942 | 165,432 | 12.6 |
| Investment income (loss) | 389,168 | 92,832 | (275,989) | (368,821) | (397.3) |
| Other revenue: | | | | | |
| Racetrack breakage | 157,201 | 189,558 | 202,719 | 13,161 | 6.9 |
| Sale of capital assets | 73,849 | 9,000 | 7,125 | (1,875) | (20.8) |
| Other miscellaneous revenue | 194,505 | 153,206 | 338,278 | 185,072 | 120.8 |
| Total revenue | 11,923,944 | 12,425,958 | 11,620,716 | (805,242) | (6.5) |
| Expenses | | | | | |
| General government | 1,779,514 | 2,258,600 | 1,817,702 | (440,898) | (19.5) |
| Public safety | 3,970,200 | 3,240,671 | 3,129,824 | (110,847) | (3.4) |
| Public works | 2,396,833 | 2,410,721 | 2,788,910 | 378,189 | 15.7 |
| Senior housing | 701,081 | 683,008 | 944,266 | 261,258 | 38.3 |
| Recreation and culture | 358,678 | 256,593 | 168,392 | (88,201) | (34.4) |
| Interest on long-term debt | 126,022 | 109,765 | 93,756 | (16,009) | (14.6) |
| Total expenses | 9,332,328 | 8,959,358 | 8,942,850 | (16,508) | (0.2) |
| Transfers | 16,958 | - | - | - | - |
| Change in Net Position | 2,608,574 | 3,466,600 | 2,677,866 | (788,734) | (22.8) |
| Net Position - Beginning of year | 28,742,981 | 31,351,555 | 34,818,155 | 3,466,600 | 11.1 |
| Net Position - End of year | <u><u>\$ 31,351,555</u></u> | <u><u>\$ 34,818,155</u></u> | <u><u>\$ 37,496,021</u></u> | <u><u>\$ 2,677,866</u></u> | 7.7 |
| | | | | | |
| | Business-type Activities | | | | Percent Change |
| | 2020 | 2021 | 2022 | Change | |
| Revenue | | | | | |
| Program revenue - Charges for service | \$ 3,945,280 | \$ 4,127,845 | \$ 4,162,620 | \$ 34,775 | 0.8 |
| General revenue - Investment income (loss) | 48,919 | 4,786 | (18,907) | (23,693) | (495.0) |
| Total revenue | 3,994,199 | 4,132,631 | 4,143,713 | 11,082 | 0.3 |
| Operating Expenses | 4,319,516 | 3,773,264 | 3,759,708 | (13,556) | (0.4) |
| Transfers | (16,958) | - | - | - | - |
| Change in Net Position | (342,275) | 359,367 | 384,005 | 24,638 | 6.9 |
| Net Position - Beginning of year | 6,741,875 | 6,399,600 | 6,758,967 | 359,367 | 5.6 |
| Net Position - End of year | <u><u>\$ 6,399,600</u></u> | <u><u>\$ 6,758,967</u></u> | <u><u>\$ 7,142,972</u></u> | <u><u>\$ 384,005</u></u> | 5.7 |

Governmental Activities

Governmental revenue decreased by 6.8 percent from the prior year. The two areas that changed significantly were grants and investment income. In the prior year, there was over \$600,000 in federal grant funding received, while the current year had only \$37,000. The investment loss is due to the recognition of market changes in investments that are required to be recorded. These losses will not be realized, as the City plans to hold all current investments to maturity.

Total expenses decreased by 0.2 percent from the prior year. This is primarily due to a lower investment in road improvements in the current year. In the prior year, the road spending was higher due to the availability of bond proceeds to be utilized.

Business-type Activities

Net position in the business-type activities increased 5.7 percent. Of the \$7.1 million in net position, almost \$6.7 million is invested in capital assets.

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 2022, as defined by Governmental Accounting Standards Board Statement No. 34, are the following:

- General Fund
- Public Improvement Fund
- Local Streets Fund
- Major Streets 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 benefits 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 42 percent of total General Fund expenditures, which is down from 39 percent in the prior year.

Shared services contributions account for 3 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 \$350,000 from the General Fund was made into the pension plan. This partially helped bring the funded percentage up from 77 percent to 89 percent 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 68 percent of General Fund revenue.

The General Fund was budgeted to decrease fund balance by approximately \$196,000. However, it increased by \$192,000 due to close monitoring of expenditures by departments and merging the MMRMA Retention Fund into 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 increased by 7 percent due to the racetrack being closed temporarily due to COVID-19 in the prior year. No significant projects were undertaken during the year.

The Local Streets Fund records revenue received from the gasoline tax through the State of Michigan under Act 51. The following local streets were improved during the fiscal year: High, Maplewood, Fairbrook Court, Wing Court, Jeffrey, Carrington, Andover Drive, Grasmere, and Morgan Blvd.

The Major Streets Fund records revenue received from the gasoline tax through the State of Michigan under Act 51. The following local streets were improved during the fiscal year: Fairbrook and Randolph streets.

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. The Art House and Tipping Point public parking lots were reconstructed. The Main Centre parking deck restoration was completed during the year.

Capital Assets and Debt Administration

At the end of fiscal year 2022, the City had approximately \$34 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 \$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. The rising of interest rates from near 0 to approximately 2.7 percent causes unrealized losses to be recorded. While these losses will not be realized, they do have a negative economic impact on the City's budget. City Council has identified many projects 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 increased by 5.8 percent for the next fiscal year. The City's operating millage was reduced from 13.0496 to 13.0182 mills in fiscal year 2023 due to the City reaching its Headlee maximum. For fiscal year 2022, the City's millage for streets, drainage, and sidewalk improvements will decrease from 1.6256 mills to 1.6216 mills due to a Headlee rollback. The City no longer has any unlevied millage available. Asking the voters for a Headlee override will be required at some point in order to maintain financial stability.

The City provides fire prevention, fire suppression, and emergency medical services to the City of Plymouth, Michigan. The City of Plymouth, Michigan will reimburse 62 percent of the costs to the City of Northville, Michigan, up from 57 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 \$18.23 to \$19.38 per unit, or 6.3 percent, effective July 1, 2022.

The Housing Commission increased the rent at Allen Terrace, an independent senior citizen apartment community, by 2 percent, from \$750 to \$765, for the one-bedroom apartments. The cost of rent includes all utilities.

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, 2022

| | Primary Government | | | Component Units |
|--|-------------------------|--------------------------|----------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and investments | \$ 16,078,830 | \$ 878,807 | \$ 16,957,637 | \$ 441,815 |
| Receivables: | | | | |
| Property taxes receivable | 2,841 | - | 2,841 | - |
| Special assessments receivable | 279,581 | - | 279,581 | - |
| Customer receivables | 4,015 | 1,068,376 | 1,072,391 | - |
| Leases receivable | 689,869 | - | 689,869 | - |
| Other receivables | 230,370 | 1,307 | 231,677 | 5,712 |
| Due from other governmental units | 277,625 | - | 277,625 | - |
| Internal balances | 873,553 | (873,553) | - | - |
| Inventory | 84,669 | 92,565 | 177,234 | - |
| Prepaid expenses and other assets | 344,682 | 887 | 345,569 | 29,537 |
| Investment in joint ventures (Note 12) | 823,673 | - | 823,673 | - |
| Land held for resale | 225,000 | - | 225,000 | - |
| Net OPEB asset (Note 10) | 1,287,977 | 296,802 | 1,584,779 | - |
| Capital assets: (Note 5) | | | | |
| Assets not subject to depreciation | 3,768,753 | 34,638 | 3,803,391 | - |
| Assets subject to depreciation - Net | 22,856,421 | 6,622,774 | 29,479,195 | - |
| Total assets | 47,827,859 | 8,122,603 | 55,950,462 | 477,064 |
| Deferred Outflows of Resources | | | | |
| Deferred pension costs (Note 8) | 920,223 | 107,859 | 1,028,082 | - |
| Deferred OPEB costs (Note 10) | 31,744 | 7,315 | 39,059 | - |
| Total deferred outflows of resources | 951,967 | 115,174 | 1,067,141 | - |
| Liabilities | | | | |
| Accounts payable | 1,131,975 | 385,899 | 1,517,874 | 28,412 |
| Due to other governmental units | 1,285 | - | 1,285 | - |
| Refundable deposits, bonds, etc. | 354,526 | 515 | 355,041 | 5,068 |
| Accrued liabilities and other | 481,994 | 15,436 | 497,430 | 11,156 |
| Unearned revenue | 648,979 | - | 648,979 | 10,335 |
| Noncurrent liabilities: | | | | |
| Due within one year (Note 7) | 800,793 | 16,315 | 817,108 | 46,197 |
| Due in more than one year: | | | | |
| Compensated absences - Net of current portion (Note 7) | 329,900 | 27,819 | 357,719 | - |
| Net pension liability (Note 8) | 2,156,623 | 252,782 | 2,409,405 | - |
| Long-term debt (Note 7) | 2,437,000 | - | 2,437,000 | - |
| Total liabilities | 8,343,075 | 698,766 | 9,041,841 | 101,168 |
| Deferred Inflows of Resources | | | | |
| Deferred pension cost reductions (Note 8) | 1,127,890 | 132,198 | 1,260,088 | - |
| Deferred OPEB cost reductions (Note 10) | 1,144,937 | 263,841 | 1,408,778 | - |
| Leases | 667,903 | - | 667,903 | - |
| Total deferred inflows of resources | 2,940,730 | 396,039 | 3,336,769 | - |
| Net Position | | | | |
| Net investment in capital assets | 23,600,174 | 6,657,412 | 30,257,586 | - |
| Restricted: | | | | |
| Roads, streets, drainage, and sidewalk improvements | 1,289,997 | - | 1,289,997 | - |
| Police forfeitures | 113,752 | - | 113,752 | - |
| Unrestricted | 12,492,098 | 485,560 | 12,977,658 | 375,896 |
| Total net position | \$ 37,496,021 | \$ 7,142,972 | \$ 44,638,993 | \$ 375,896 |

City of Northville, Michigan

| | | Program Revenue | | |
|---|----------------------|---------------------|-------------------|-------------------|
| | | Charges for | Operating | Capital Grants |
| | Expenses | Services | Grants and | and |
| | | | Contributions | Contributions |
| Functions/Programs | | | | |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,817,702 | \$ 624,968 | \$ 175,671 | \$ - |
| Public safety | 3,129,824 | 657,128 | 34,001 | 100,920 |
| Public works | 2,788,910 | 324,816 | 145,516 | 78,725 |
| Senior housing | 944,266 | 907,614 | - | 20,185 |
| Recreation and culture | 168,392 | - | - | - |
| Interest on long-term debt | 93,756 | - | - | - |
| Total governmental activities | 8,942,850 | 2,514,526 | 355,188 | 199,830 |
| Business-type activities: | | | | |
| Water and Sewer | 2,987,078 | 3,493,949 | - | - |
| Refuse & Recycling Fund | 772,630 | 668,671 | - | - |
| Total business-type activities | 3,759,708 | 4,162,620 | - | - |
| Total primary government | \$ 12,702,558 | \$ 6,677,146 | \$ 355,188 | \$ 199,830 |
| Component units | \$ 870,826 | \$ 20,583 | \$ - | \$ - |
| General revenue: | | | | |
| Property taxes | | | | |
| State-shared revenue and grants | | | | |
| Unrestricted investment loss | | | | |
| 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, 2022

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------------|----------------------|--------------------|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| \$ (1,017,063) | \$ - | \$ (1,017,063) | \$ - |
| (2,337,775) | - | (2,337,775) | - |
| (2,239,853) | - | (2,239,853) | - |
| (16,467) | - | (16,467) | - |
| (168,392) | - | (168,392) | - |
| (93,756) | - | (93,756) | - |
| (5,873,306) | - | (5,873,306) | - |
| - | 506,871 | 506,871 | - |
| - | (103,959) | (103,959) | - |
| - | 402,912 | 402,912 | - |
| (5,873,306) | 402,912 | (5,470,394) | - |
| - | - | - | (850,243) |
| 6,800,097 | - | 6,800,097 | 838,096 |
| 1,478,942 | - | 1,478,942 | - |
| (275,989) | (18,907) | (294,896) | (16,131) |
| 7,125 | - | 7,125 | - |
| 540,997 | - | 540,997 | 86,162 |
| 8,551,172 | (18,907) | 8,532,265 | 908,127 |
| 2,677,866 | 384,005 | 3,061,871 | 57,884 |
| 34,818,155 | 6,758,967 | 41,577,122 | 318,012 |
| \$ 37,496,021 | \$ 7,142,972 | \$ 44,638,993 | \$ 375,896 |

Governmental Funds
Balance Sheet

June 30, 2022

| | General Fund | Public Improvement Fund | Local Streets Fund | Major Streets Fund | Parking Fund | Nonmajor Funds | Total Governmental Funds |
|--|---------------------|-------------------------------|-----------------------|-----------------------|-------------------|---------------------|--------------------------------|
| Assets | | | | | | | |
| Cash and investments | \$ 3,595,480 | \$ 4,525,359 | \$ 727,079 | \$ 376,754 | \$ 586,170 | \$ 5,645,837 | \$ 15,456,679 |
| Receivables: | | | | | | | |
| Property taxes receivable | 2,841 | - | - | - | - | - | 2,841 |
| Special assessments receivable | - | - | - | - | 279,581 | - | 279,581 |
| Customer receivables | 4,015 | - | - | - | - | - | 4,015 |
| Other receivables | 195,312 | 28,003 | 1 | 11 | 167 | 6,788 | 230,282 |
| Due from other governmental units | 133,118 | - | 31,829 | 75,083 | - | 37,595 | 277,625 |
| Due from other funds (Note 6) | 93,135 | - | - | - | - | - | 93,135 |
| Advances to other funds (Note 6) | 368,500 | - | - | - | - | - | 368,500 |
| Inventory | 26,213 | - | - | - | 6,472 | - | 32,685 |
| Prepaid expenses and other assets | 339,142 | - | - | - | 1,562 | - | 340,704 |
| Land held for resale | - | 225,000 | - | - | - | - | 225,000 |
| Total assets | \$ 4,757,756 | \$ 4,778,362 | \$ 758,909 | \$ 451,848 | \$ 873,952 | \$ 5,690,220 | \$ 17,311,047 |
| Liabilities | | | | | | | |
| Accounts payable | \$ 140,494 | \$ 9,720 | \$ 601,858 | \$ 303,436 | \$ 47,042 | \$ 24,657 | \$ 1,127,207 |
| Due to other governmental units | 1,285 | - | - | - | - | - | 1,285 |
| Refundable deposits, bonds, etc. | 327,666 | - | - | - | - | 26,860 | 354,526 |
| Accrued liabilities and other | 419,129 | - | 11,122 | 607 | - | 28,149 | 459,007 |
| Unearned revenue | 636,383 | - | - | - | - | 12,596 | 648,979 |
| Total liabilities | 1,524,957 | 9,720 | 612,980 | 304,043 | 47,042 | 92,262 | 2,591,004 |
| Deferred Inflows of Resources - | | | | | | | |
| Unavailable revenue (Note 4) | 6,635 | - | - | - | 246,370 | 17,583 | 270,588 |
| Total liabilities and deferred inflows of resources | 1,531,592 | 9,720 | 612,980 | 304,043 | 293,412 | 109,845 | 2,861,592 |
| Fund Balances | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | 26,213 | - | - | - | 6,472 | - | 32,685 |
| Prepays | 277,338 | - | - | - | 1,562 | - | 278,900 |
| Long-term advance to other fund | 368,500 | - | - | - | - | - | 368,500 |
| Restricted: | | | | | | | |
| Streets, drains, and sidewalk improvements | - | - | 145,929 | 147,805 | - | 996,263 | 1,289,997 |
| Police forfeitures | 113,752 | - | - | - | - | - | 113,752 |
| Committed: | | | | | | | |
| Equipment and capital projects | - | 4,313,074 | - | - | - | 3,012,108 | 7,325,182 |
| Cemetery maintenance | - | 230,568 | - | - | - | 1,228,448 | 1,459,016 |
| Land held for resale | - | 225,000 | - | - | - | - | 225,000 |
| Parking | - | - | - | - | 572,506 | - | 572,506 |
| Allen Terrace | - | - | - | - | - | 338,222 | 338,222 |
| Debt service | - | - | - | - | - | 5,334 | 5,334 |
| Assigned: | | | | | | | |
| Beautification commission | 541 | - | - | - | - | - | 541 |
| Sustainability revolving fund | 15,637 | - | - | - | - | - | 15,637 |
| Unassigned | 2,424,183 | - | - | - | - | - | 2,424,183 |
| Total fund balances | 3,226,164 | 4,768,642 | 145,929 | 147,805 | 580,540 | 5,580,375 | 14,449,455 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 4,757,756 | \$ 4,778,362 | \$ 758,909 | \$ 451,848 | \$ 873,952 | \$ 5,690,220 | \$ 17,311,047 |

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

| | |
|--|-----------------------------|
| Fund Balances Reported in Governmental Funds | \$ 14,449,455 |
| 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 | 26,107,692 |
| 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. | 270,588 |
| Investments in joint ventures are not financial resources and are not reported in the funds | 823,673 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds | (3,025,000) |
| Accrued interest is not due and payable in the current period and is not reported in the funds | (21,826) |
| 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 | (531,313) |
| Net pension liability and deferred inflows and outflows | (2,364,290) |
| Retiree health care benefits and deferred inflows and outflows | 174,784 |
| Internal service funds are included as part of governmental activities | <u>1,612,258</u> |
| Net Position of Governmental Activities | <u>\$ 37,496,021</u> |

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

| | General Fund | Public Improvement Fund | Local Streets Fund | Major Streets Fund | Parking Fund | Nonmajor Funds | Total Governmental Funds |
|--|---------------------|-------------------------------|-----------------------|-----------------------|-------------------|---------------------|--------------------------------|
| Revenue | | | | | | | |
| Property taxes | \$ 5,763,114 | \$ - | \$ - | \$ - | \$ - | \$ 1,036,983 | \$ 6,800,097 |
| Special assessments | - | - | - | - | 43,186 | - | 43,186 |
| State-shared revenue and grants: | | | | | | | |
| Federal grants | 456 | - | - | - | - | - | 456 |
| State-shared revenue and grants | 768,877 | 6,119 | 222,314 | 489,697 | - | 11,111 | 1,498,118 |
| Community Development Block Grant | - | - | - | - | - | 20,185 | 20,185 |
| Sales and services: | | | | | | | |
| Cemetery | 192,019 | 46,307 | - | - | - | - | 238,326 |
| Charges for overhead services | 161,350 | - | - | - | - | - | 161,350 |
| Sales and services | 665,616 | - | - | - | 158 | 54,856 | 720,630 |
| Fines and forfeitures | 14,938 | - | - | - | - | - | 14,938 |
| Licenses, fees, and permits | 452,592 | - | - | - | 6,630 | - | 459,222 |
| Interest and rentals: | | | | | | | |
| Investment (loss) income | (86,085) | (83,280) | (278) | (9,927) | (7,917) | (101,553) | (289,040) |
| Rental income | 164,643 | - | - | - | - | 826,010 | 990,653 |
| Other revenue: | | | | | | | |
| Local contribution | 50,000 | 3,060 | - | - | 94,747 | 273,160 | 420,967 |
| Other | 272,164 | - | - | - | - | 23,004 | 295,168 |
| Racetrack breakage | 15,105 | 187,614 | - | - | - | - | 202,719 |
| Michigan Housing Authority subsidies | - | - | - | - | - | 56,435 | 56,435 |
| Total revenue | 8,434,789 | 159,820 | 222,036 | 479,770 | 136,804 | 2,200,191 | 11,633,410 |
| Expenditures: | | | | | | | |
| Current services: | | | | | | | |
| General government | 1,974,174 | 13,220 | - | - | - | - | 1,987,394 |
| Public safety: | | | | | | | |
| Police department | 3,116,155 | - | - | - | - | 117,978 | 3,234,133 |
| Fire department | 953,861 | - | - | - | - | - | 953,861 |
| Public works | 802,932 | 25,138 | 1,372,476 | 717,076 | 138,206 | - | 3,055,828 |
| Senior housing | - | - | - | - | - | 978,071 | 978,071 |
| Contribution to MERS Trusts | 350,000 | - | - | - | - | - | 350,000 |
| Recreation and culture | 238,990 | - | - | - | - | - | 238,990 |
| Debt service: | | | | | | | |
| Principal | 52,744 | - | - | - | - | 530,000 | 582,744 |
| Interest | - | - | - | - | - | 92,063 | 92,063 |
| Total expenditures | 7,488,856 | 38,358 | 1,372,476 | 717,076 | 138,206 | 1,718,112 | 11,473,084 |
| Excess of Revenue Over (Under) | | | | | | | |
| Expenditures | 945,933 | 121,462 | (1,150,440) | (237,306) | (1,402) | 482,079 | 160,326 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in (Note 6) | 2,205 | 560,226 | 1,080,026 | - | 200,000 | 520,226 | 2,362,683 |
| Transfers out (Note 6) | (756,249) | (262,205) | - | (75,000) | - | (1,269,229) | (2,362,683) |
| Sale of capital assets | - | - | - | - | - | 7,125 | 7,125 |
| Total other financing (uses) sources | (754,044) | 298,021 | 1,080,026 | (75,000) | 200,000 | (741,878) | 7,125 |
| Net Change in Fund Balances | 191,889 | 419,483 | (70,414) | (312,306) | 198,598 | (259,799) | 167,451 |
| Fund Balances - Beginning of year | 3,034,275 | 4,349,159 | 216,343 | 460,111 | 381,942 | 5,840,174 | 14,282,004 |
| Fund Balances - End of year | <u>\$ 3,226,164</u> | <u>\$ 4,768,642</u> | <u>\$ 145,929</u> | <u>\$ 147,805</u> | <u>\$ 580,540</u> | <u>\$ 5,580,375</u> | <u>\$ 14,449,455</u> |

Governmental Funds

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

Year Ended June 30, 2022

| | |
|--|-----------------------------------|
| Net Change in Fund Balances Reported in Governmental Funds | \$ 167,451 |
| 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 | 1,565,647 |
| Depreciation expense | (1,977,650) |
| 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 | 49,815 |
| Net income from joint ventures is not recorded in the governmental funds but is recorded in the statement of activities | 62,150 |
| 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 | (33,335) |
| Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt) | 577,000 |
| Interest expense is recognized in the government-wide statements as it accrues | 4,051 |
| Changes in the other postemployment benefits liability 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 | 621,323 |
| 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 | 1,593,381 |
| Internal service funds are included as part of governmental activities | 48,033 |
| Change in Net Position of Governmental Activities | <u><u>\$ 2,677,866</u></u> |

Proprietary Funds
Statement of Net Position

June 30, 2022

| | Enterprise Funds | | | Governmental Activities |
|---|--------------------|-------------------------|---------------------------|----------------------------|
| | Water and Sewer | Refuse and Recycling | Total Enterprise Funds | Internal Service Funds |
| Assets | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 610,746 | \$ 268,061 | \$ 878,807 | \$ 622,151 |
| Receivables | 966,332 | 103,351 | 1,069,683 | 88 |
| Inventory | 92,565 | - | 92,565 | 51,984 |
| Prepaid expenses and other assets | 887 | - | 887 | 3,978 |
| Total current assets | 1,670,530 | 371,412 | 2,041,942 | 678,201 |
| Noncurrent assets: | | | | |
| Net OPEB asset | 219,202 | 77,600 | 296,802 | - |
| Leases receivable | - | - | - | 689,869 |
| Capital assets: (Note 5) | | | | |
| Assets not subject to depreciation | 34,638 | - | 34,638 | - |
| Assets subject to depreciation - Net | 6,610,494 | 12,280 | 6,622,774 | 517,482 |
| Total noncurrent assets | 6,864,334 | 89,880 | 6,954,214 | 1,207,351 |
| Total assets | 8,534,864 | 461,292 | 8,996,156 | 1,885,552 |
| Deferred Outflows of Resources | | | | |
| Deferred pension costs (Note 8) | 98,837 | 9,022 | 107,859 | - |
| Deferred OPEB costs (Note 10) | 5,402 | 1,913 | 7,315 | - |
| Total deferred outflows of resources | 104,239 | 10,935 | 115,174 | - |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 166,991 | 218,908 | 385,899 | 4,768 |
| Due to other funds (Note 6) | 93,135 | - | 93,135 | - |
| Refundable deposits, bonds, etc. | 515 | - | 515 | - |
| Accrued liabilities and other | 14,523 | 913 | 15,436 | 1,161 |
| Current portion of compensated absences (Note 7) | 13,931 | 2,384 | 16,315 | 4,207 |
| Total current liabilities | 289,095 | 222,205 | 511,300 | 10,136 |
| Noncurrent liabilities: | | | | |
| Advances from other funds (Note 6) | 368,500 | - | 368,500 | - |
| Compensated absences - Net of current portion (Note 7) | 23,753 | 4,066 | 27,819 | 7,173 |
| Net pension liability | 231,638 | 21,144 | 252,782 | - |
| Total noncurrent liabilities | 623,891 | 25,210 | 649,101 | 7,173 |
| Total liabilities | 912,986 | 247,415 | 1,160,401 | 17,309 |
| Deferred Inflows of Resources | | | | |
| Deferred pension cost reductions (Note 8) | 121,140 | 11,058 | 132,198 | - |
| Deferred OPEB cost reductions (Note 10) | 194,857 | 68,984 | 263,841 | - |
| Leases | - | - | - | 667,903 |
| Total deferred inflows of resources | 315,997 | 80,042 | 396,039 | 667,903 |

Proprietary Funds
Statement of Net Position (Continued)

June 30, 2022

| | Enterprise Funds | | | Governmental Activities |
|--|----------------------------|--------------------------|----------------------------|----------------------------|
| | Water and Sewer | Refuse and Recycling | Total Enterprise Funds | Internal Service Funds |
| Net Position | | | | |
| Net investment in capital assets | \$ 6,645,132 | \$ 12,280 | \$ 6,657,412 | \$ 517,482 |
| Unrestricted | <u>764,988</u> | <u>132,490</u> | <u>897,478</u> | <u>682,858</u> |
| Total net position | <u>\$ 7,410,120</u> | <u>\$ 144,770</u> | 7,554,890 | <u>\$ 1,200,340</u> |
| Amounts reported for business-type activities in the statement of net position are different because a portion of the Internal Service Fund is included as business-type activities | | | (411,918) | |
| Total Net Position | | | <u>\$ 7,142,972</u> | |

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2022

| | Enterprise Funds | | | Governmental Activities |
|---|----------------------------|--------------------------|----------------------------|----------------------------|
| | Water and Sewer | Refuse and Recycling | Total Enterprise Funds | Internal Service Funds |
| Operating Revenue | | | | |
| Sales to customers | \$ 3,493,949 | \$ 660,439 | \$ 4,154,388 | \$ - |
| Rental income | - | - | - | 283,985 |
| Other revenue | - | 8,232 | 8,232 | 57,415 |
| Total operating revenue | 3,493,949 | 668,671 | 4,162,620 | 341,400 |
| Operating Expenses | | | | |
| Other operating and maintenance costs | 2,605,679 | 738,337 | 3,344,016 | 261,410 |
| Operating transfers | - | - | - | 12,979 |
| Other expenses | 25,148 | 30,306 | 55,454 | - |
| Depreciation | 344,452 | 3,987 | 348,439 | 78,822 |
| Total operating expenses | 2,975,279 | 772,630 | 3,747,909 | 353,211 |
| Operating Income (Loss) | 518,670 | (103,959) | 414,711 | (11,811) |
| Nonoperating (Expense) Revenue | | | | |
| Investment income (loss) | (13,710) | (5,197) | (18,907) | 14,283 |
| Interest expense | (12,255) | - | (12,255) | - |
| Gain (loss) on sale of assets | - | - | - | 11,911 |
| Lease revenue | - | - | - | 34,106 |
| Total nonoperating (expense) revenue | (25,965) | (5,197) | (31,162) | 60,300 |
| Change in Net Position | 492,705 | (109,156) | 383,549 | 48,489 |
| Net Position - Beginning of year | 6,917,415 | 253,926 | 7,171,341 | 1,151,851 |
| Net Position - End of year | <u><u>\$ 7,410,120</u></u> | <u><u>\$ 144,770</u></u> | <u><u>\$ 7,554,890</u></u> | <u><u>\$ 1,200,340</u></u> |
| Net Change in Net Position - Total enterprise funds | | | \$ 383,549 | |
| Amounts reported for business-type activities in the statement of activities are different because a portion of the Internal Service Fund is included as business-type activities | | | 456 | |
| Change in Net Position of Business-type Activities | | | <u><u>\$ 384,005</u></u> | |

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2022

| | Enterprise Funds | | | Governmental Activities |
|--|--------------------|-------------------------|---------------------------|----------------------------|
| | Water and Sewer | Refuse and Recycling | Total Enterprise Funds | Internal Service Funds |
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 3,363,869 | \$ 658,026 | \$ 4,021,895 | \$ 283,985 |
| Receipts from interfund services and reimbursements | - | - | - | 43,110 |
| Payments to suppliers/Insurance claims | (3,206,976) | (548,873) | (3,755,849) | (186,094) |
| Payments to employees and fringes | (543,347) | (64,465) | (607,812) | (102,751) |
| Other receipts | - | - | - | 1,476 |
| Net cash and cash equivalents (used in) provided by operating activities | (386,454) | 44,688 | (341,766) | 39,726 |
| Cash Flows Provided by Noncapital Financing Activities - Transfers from other funds | 767 | - | 767 | - |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Lease payments received | - | - | - | 36,726 |
| Proceeds from sale of capital assets | - | - | - | 11,911 |
| Purchase of capital assets | (30,590) | - | (30,590) | (15,350) |
| Principal and interest paid on capital debt | (98,755) | - | (98,755) | - |
| Net cash and cash equivalents (used in) provided by capital and related financing activities | (129,345) | - | (129,345) | 33,287 |
| Cash Flows from Investing Activities | | | | |
| Interest received on investments | 218 | 67 | 285 | 4,416 |
| Net realized losses on investments | (13,928) | (5,265) | (19,193) | (14,719) |
| Net cash and cash equivalents used in investing activities | (13,710) | (5,198) | (18,908) | (10,303) |
| Net (Decrease) Increase in Cash and Cash Equivalents | (528,742) | 39,490 | (489,252) | 62,710 |
| Cash and Cash Equivalents - Beginning of year | 1,139,488 | 228,571 | 1,368,059 | 559,441 |
| Cash and Cash Equivalents - End of year | \$ 610,746 | \$ 268,061 | \$ 878,807 | \$ 622,151 |

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2022

| | 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) | \$ 518,670 | \$ (103,959) | \$ 414,711 | \$ (11,811) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | |
| Depreciation | 344,452 | 3,987 | 348,439 | 78,822 |
| Changes in assets and liabilities: | | | | |
| Receivables | (130,080) | (10,645) | (140,725) | 150 |
| Inventories | (12,910) | - | (12,910) | (26,404) |
| Prepaid and other assets | 7,296 | 1,031 | 8,327 | 1,166 |
| Accounts payable | (839,923) | 181,414 | (658,509) | (2,358) |
| Net pension or OPEB asset | (286,045) | 22,052 | (263,993) | 12,541 |
| Net pension or OPEB liability | - | (38,671) | (38,671) | - |
| Deferrals related to pension or OPEB | - | (5,611) | (5,611) | - |
| Accrued and other liabilities | 12,086 | (4,910) | 7,176 | (12,380) |
| Total adjustments | (905,124) | 148,647 | (756,477) | 51,537 |
| Net cash and cash equivalents (used in) provided by operating activities | <u>\$ (386,454)</u> | <u>\$ 44,688</u> | <u>\$ (341,766)</u> | <u>\$ 39,726</u> |

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2022

| | Other Employee Benefit Trust Funds (As of 12/31/2021) | Private Purpose Trust - Allen Terrace Trust Fund | Custodial Fund - Tax Collection Fund | Total Fiduciary Funds |
|---|---|---|--|-----------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 143,040 | \$ 1,264 | \$ 144,304 |
| Investments | 14,464,565 | - | - | 14,464,565 |
| Receivables - Other | - | 3 | - | 3 |
| Total assets | 14,464,565 | 143,043 | 1,264 | 14,608,872 |
| Liabilities - Accounts payable | - | 14 | 1,264 | 1,278 |
| Net Position | | | | |
| Restricted: | | | | |
| Postemployment benefits other than pension | 14,464,565 | - | - | 14,464,565 |
| Individuals, organizations, and other governments | - | 143,029 | - | 143,029 |
| Total net position | <u><u>\$ 14,464,565</u></u> | <u><u>\$ 143,029</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 14,607,594</u></u> |

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

| | Other Employee Benefit Trust Funds (Year Ended 12/31/2021) | Private Purpose Trust - Allen Terrace Trust Fund | Custodial Fund - Tax Collection Fund | Total Fiduciary Funds |
|--|--|---|--|--------------------------|
| Additions | | | | |
| Investment income (loss): | | | | |
| Interest and dividends | \$ 1,830,090 | \$ 1,033 | \$ - | \$ 1,831,123 |
| Net decrease in fair value of investments | - | (3,902) | - | (3,902) |
| Net investment income (loss) | 1,830,090 | (2,869) | - | 1,827,221 |
| Property tax collections on behalf of other governments | - | - | 13,171,026 | 13,171,026 |
| Total additions - Net | 1,830,090 | (2,869) | 13,171,026 | 14,998,247 |
| Deductions | | | | |
| Benefit payments | 500,979 | - | - | 500,979 |
| Rent assistance | - | 708 | - | 708 |
| Disbursements to Northville Public Schools | - | - | 3,802,357 | 3,802,357 |
| Disbursements to Library | - | - | 453,917 | 453,917 |
| Disbursements to Wayne County, Michigan | - | - | 5,479,315 | 5,479,315 |
| Disbursements to Oakland County, Michigan | - | - | 3,416,193 | 3,416,193 |
| Disbursements - Delinquent property taxes | - | - | 19,244 | 19,244 |
| Administrative expenses | 25,218 | - | - | 25,218 |
| Total deductions | 526,197 | 708 | 13,171,026 | 13,697,931 |
| Net Increase (Decrease) in Fiduciary Net Position | 1,303,893 | (3,577) | - | 1,300,316 |
| Net Position - Beginning of year | 13,160,672 | 146,606 | - | 13,307,278 |
| Net Position - End of year | \$ 14,464,565 | \$ 143,029 | \$ - | \$ 14,607,594 |

Component Units
Statement of Net Position

June 30, 2022

| | Downtown Development Authority | Brownfield Redevelopment Authority | Total |
|--|--------------------------------------|--|-------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 433,412 | \$ 8,403 | \$ 441,815 |
| Receivables - Other receivables | 526 | 5,186 | 5,712 |
| Prepaid expenses and other assets | 29,537 | - | 29,537 |
| Total assets | 463,475 | 13,589 | 477,064 |
| Liabilities | | | |
| Accounts payable | 19,891 | 8,521 | 28,412 |
| Refundable deposits, bonds, etc. | - | 5,068 | 5,068 |
| Accrued liabilities and other | 11,156 | - | 11,156 |
| Unearned revenue | 10,335 | - | 10,335 |
| Noncurrent liabilities - Due within one year | 46,197 | - | 46,197 |
| Total liabilities | 87,579 | 13,589 | 101,168 |
| Net Position - Unrestricted | \$ 375,896 | \$ - | \$ 375,896 |

Component Units
Statement of Activities

Year Ended June 30, 2022

| | Expenses | Program Revenue | | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position | | |
|---|-------------------|----------------------|------------------------------------|----------------------------------|---|------------------------------------|-------------------|
| | | Charges for Services | Operating Grants and Contributions | | Downtown Development Authority | Brownfield Redevelopment Authority | Total |
| Functions/Programs | | | | | | | |
| Downtown Development Authority | \$ 848,940 | \$ 11,397 | \$ - | \$ - | \$ (837,543) | \$ - | \$ (837,543) |
| Brownfield Redevelopment Authority | 21,886 | 9,186 | - | - | - | (12,700) | (12,700) |
| Total component units | \$ 870,826 | \$ 20,583 | \$ - | \$ - | (837,543) | (12,700) | (850,243) |
| General revenue: | | | | | | | |
| Property taxes | | | | | 838,096 | - | 838,096 |
| Unrestricted investment loss | | | | | (16,131) | - | (16,131) |
| Other miscellaneous revenue | | | | | 73,462 | 12,700 | 86,162 |
| Total general revenue | | | | | 895,427 | 12,700 | 908,127 |
| Change in Net Position | | | | | 57,884 | - | 57,884 |
| Net Position - Beginning of year | | | | | 318,012 | - | 318,012 |
| Net Position - End of year | | | | | \$ 375,896 | \$ - | \$ 375,896 |

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. 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 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.

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

- 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 Major 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 major 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 fund 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, 2021.
- 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, 2021.

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.

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.

Note 1 - Significant Accounting Policies (Continued)

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 stated at 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.

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

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

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 lives of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances 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 plan's expected and actual experience.

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 defined benefit pension plan, the other postemployment benefits plan, and lease revenue for future lease receipts. The deferred inflows related to the defined benefit pension plan result from the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings. The deferred inflows related to the other postemployment benefits plan result from assumption changes and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

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, 2022**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 2021 taxable valuation of the City totaled \$422 million (net of captured taxable value of \$28.6 million), on which taxes levied consisted of 13.0496 mills for operating purposes, 1.6256 mills for street improvements, and 0.8311 mills for debt service. The ad valorem taxes levied raised approximately \$5.5 million for operations; \$686,000 for street, drainage, and sidewalk improvements; and \$350,000 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.

June 30, 2022

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.

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 87, *Leases*. As a result, the Municipal Equipment Fund now includes receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 15.

Upcoming Accounting Pronouncements

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

Note 1 - Significant Accounting Policies (Continued)

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

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.

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, 2021 | | \$ | (345,133) |
| Current year permit revenue | | | 253,917 |
| Related expenses: | | | |
| Direct costs | \$ | 104,999 | |
| Estimated indirect costs | | 91,425 | 196,424 |
| | | | |
| Current year surplus | | | 57,493 |
| Cumulative shortfall at June 30, 2022 | | \$ | (287,640) |

June 30, 2022

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 \$1,279,248 (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. The City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

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

At year end, the City had the following investments:

| Investment | Carrying Value | Weighted-average Maturity (Days) |
|--|----------------------|----------------------------------|
| Primary Government | | |
| U.S. Treasury securities | \$ 743,988 | 970 |
| Federal agency bonds | 5,063,014 | 833 |
| Federal agency collateralized mortgage obligations | 6,936 | 154 |
| Municipal bonds | 4,538,920 | 665 |
| Total | <u>\$ 10,352,858</u> | |

June 30, 2022

Note 3 - Deposits and Investments (Continued)**Credit Risk**

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

| Investment | Carrying Value | Rating | Rating Organization |
|--|----------------------|------------|---------------------|
| Primary Government | | | |
| Money market fund | \$ 1,339,952 | AAAm | S&P |
| Pooled funds | 4,470,373 | AAAm | S&P |
| U.S. Treasury securities | 743,988 | AA+ | S&P |
| Federal agency bonds | 5,063,014 | AA+ | S&P |
| Federal agency collateralized mortgage obligations | 6,936 | AA+ | S&P |
| Municipal bonds | 3,282,009 | AA- to AAA | S&P |
| Municipal bonds | 1,256,911 | Aa1 | Moody's |
| Total | <u>\$ 16,163,183</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, 2022, more than 5 percent of the City's investments are in the following federal agency securities:

| | |
|--------------------------|------|
| Federal Farm Credit Bank | 14 % |
| Freddie Mac | 9 |

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, 2022, the carrying amount of the cash and investments for the DDA and BRA was \$433,412 and \$8,403, respectively.

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.

June 30, 2022

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2022:

| | Assets Measured at Carrying Value on a Recurring Basis at June 30, 2022 | | | |
|---|--|--|--|-----------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at June 30, 2022 |
| Debt securities: | | | | |
| U.S. Treasury securities | \$ - | \$ 743,988 | \$ - | \$ 743,988 |
| Federal agency bonds | - | 5,063,014 | - | 5,063,014 |
| Federal agency collateralized mortgage obligations | - | 6,936 | - | 6,936 |
| Municipal bonds | - | 4,538,920 | - | 4,538,920 |
| Total debt securities | - | 10,352,858 | - | 10,352,858 |
| Equity securities - Money market fund | 1,339,952 | - | - | 1,339,952 |
| Total | \$ 1,339,952 | \$ 10,352,858 | \$ - | 11,692,810 |
| Investments measured at NAV - Michigan CLASS Investment Pool | | | | 4,470,373 |
| Total assets | | | | \$ 16,163,183 |

The fair value of equity securities at June 30, 2022 was determined primarily based on Level 1 inputs. The City estimates the fair value using prices quoted in active markets for those securities.

The fair value of debt securities at June 30, 2022 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, 2022, there were no unfunded commitments or redemption restrictions on these investments.

June 30, 2022

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 \$246,370 in unavailable revenue related to special assessments and \$24,218 in unavailable revenue related to other receivables.

At June 30, 2022, there was \$667,903 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.

Note 5 - Capital Assets

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

Governmental Activities

| | Balance July 1, 2021 | Reclassifications | Additions | Disposals and Adjustments | Balance June 30, 2022 |
|--|-------------------------|-------------------|--------------|------------------------------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 3,611,236 | \$ - | \$ - | \$ - | \$ 3,611,236 |
| Construction in progress | 393,132 | (383,641) | 28,054 | - | 37,545 |
| Other nondepreciable assets | 119,972 | - | - | - | 119,972 |
| Subtotal | 4,124,340 | (383,641) | 28,054 | - | 3,768,753 |
| Capital assets being depreciated: | | | | | |
| Roads, sidewalks, and bridges | 35,903,208 | 383,641 | 1,390,496 | - | 37,677,345 |
| Parking system | 6,399,377 | - | 35,700 | - | 6,435,077 |
| Building and improvements | 11,494,539 | - | - | (35,157) | 11,459,382 |
| Machinery and equipment | 2,265,974 | - | 68,624 | (106,761) | 2,227,837 |
| Vehicles | 3,867,502 | - | 58,124 | (91,608) | 3,834,018 |
| Streetscape | 5,324,127 | - | - | (17,760) | 5,306,367 |
| Subtotal | 65,254,727 | 383,641 | 1,552,944 | (251,286) | 66,940,026 |
| Accumulated depreciation: | | | | | |
| Roads, sidewalks, and bridges | 23,949,106 | - | 1,042,528 | - | 24,991,634 |
| Parking systems | 3,126,496 | - | 194,159 | - | 3,320,655 |
| Buildings and improvements | 8,482,376 | 55,746 | 245,510 | (35,922) | 8,747,710 |
| Machinery and equipment | 1,770,980 | (8,757) | 118,183 | (105,996) | 1,774,410 |
| Vehicles | 1,978,589 | (46,989) | 198,772 | (91,608) | 2,038,764 |
| Streetscape | 2,970,872 | - | 257,320 | (17,760) | 3,210,432 |
| Subtotal | 42,278,419 | - | 2,056,472 | (251,286) | 44,083,605 |
| Net capital assets being depreciated | 22,976,308 | 383,641 | (503,528) | - | 22,856,421 |
| Net governmental activities capital assets | \$ 27,100,648 | \$ - | \$ (475,474) | \$ - | \$ 26,625,174 |

June 30, 2022

Note 5 - Capital Assets (Continued)

Business-type Activities

| | Balance July 1, 2021 | Reclassifications | Additions | Disposals and Adjustments | Balance June 30, 2022 |
|---|-------------------------|-------------------|---------------------|------------------------------|--------------------------|
| Capital assets not being depreciated - Construction in progress | \$ 4,048 | \$ - | \$ 30,590 | \$ - | \$ 34,638 |
| Capital assets being depreciated: | | | | | |
| Water and sewer lines | 14,587,564 | - | - | - | 14,587,564 |
| Buildings and improvements | 21,535 | - | - | - | 21,535 |
| Refuse and recycling system | 59,798 | - | - | - | 59,798 |
| Subtotal | 14,668,897 | - | - | - | 14,668,897 |
| Accumulated depreciation: | | | | | |
| Water and sewer lines | 7,632,617 | - | 344,452 | - | 7,977,069 |
| Buildings and improvements | 21,535 | - | - | - | 21,535 |
| Refuse and recycling system | 43,533 | - | 3,986 | - | 47,519 |
| Subtotal | 7,697,685 | - | 348,438 | - | 8,046,123 |
| Net capital assets being depreciated | 6,971,212 | - | (348,438) | - | 6,622,774 |
| Net business-type activities capital assets | <u>\$ 6,975,260</u> | <u>\$ -</u> | <u>\$ (317,848)</u> | <u>\$ -</u> | <u>\$ 6,657,412</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 89,538 |
| Public safety | 189,366 |
| Public works | 1,495,046 |
| Senior housing | 174,654 |
| Recreation and culture | 29,046 |
| Internal service fund depreciation is charged to the various functions based on their usage of the asset | <u>78,822</u> |
| Total governmental activities | <u>\$ 2,056,472</u> |
| Business-type activities: | |
| Water and Sewer | \$ 344,452 |
| Refuse and Recycling | <u>3,986</u> |
| Total business-type activities | <u>\$ 348,438</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 |
|---|---------------|-------------------------|
| Lake Street Road and watermain improvements | \$ 27,090 | \$ 1,238,836 |

June 30, 2022

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 \$93,135 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 |
|--------------|-------------------|------------------|
| 2023 | \$ 86,500 | \$ 11,375 |
| 2024 | 89,000 | 9,213 |
| 2025 | 91,000 | 6,988 |
| 2026 | 93,000 | 4,713 |
| 2027 | 95,500 | 2,388 |
| Thereafter | - | - |
| Total | <u>\$ 455,000</u> | <u>\$ 34,677</u> |

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) | \$ 560,226 |
| | Other nonmajor governmental funds (1)(2) | 196,023 |
| | Total General Fund | 756,249 |
| Public Improvement Fund | General Fund (2) | 2,205 |
| | Parking Fund (2) | 200,000 |
| | Other nonmajor governmental funds (2) | 60,000 |
| | Total Public Improvement Fund | 262,205 |
| Major Streets Fund | Local Streets Fund (1) | 75,000 |
| Other nonmajor governmental funds | Local Streets Fund (2) | 1,005,026 |
| | Other nonmajor governmental funds (2) | 264,203 |
| | Total other nonmajor governmental funds | 1,269,229 |
| | Total | <u>\$ 2,362,683</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, 2022

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2022 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% | \$ 185,000 | \$ - | \$ (90,000) | \$ 95,000 | \$ 95,000 |
| Streetscape improvement bonds (refunding) - Maturing through 2025 | 3.10% | 635,000 | - | (155,000) | 480,000 | 155,000 |
| Street improvement bonds - Maturing through 2029 | 2.90% | 2,535,000 | - | (285,000) | 2,250,000 | 290,000 |
| Installment purchase agreement - Maturing through 2026 | 2.57% | 247,000 | - | (47,000) | 200,000 | 48,000 |
| Total bonds and contracts payable | | 3,602,000 | - | (577,000) | 3,025,000 | 588,000 |
| Accumulated compensated absences | | 508,190 | 337,654 | (303,151) | 542,693 | 212,793 |
| Total governmental activities long-term debt | | <u>\$ 4,110,190</u> | <u>\$ 337,654</u> | <u>\$ (880,151)</u> | <u>\$ 3,567,693</u> | <u>\$ 800,793</u> |

Business-type Activities

| | Interest Rate Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|-------------------------|----------------------|-----------|-------------|-------------------|------------------------|
| Business-type activities - Accumulated compensated absences | | \$ 31,023 | \$ 42,917 | \$ (29,806) | \$ 44,134 | \$ 16,315 |

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 |
| 2023 | \$ 588,000 | \$ 81,465 | \$ 669,465 |
| 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 |
| 2028-2029 | 700,000 | 20,445 | 720,445 |
| Total | <u>\$ 3,025,000</u> | <u>\$ 278,766</u> | <u>\$ 3,303,766</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, 2022, there is still \$480,000 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, 2021 |
| Inactive plan members or beneficiaries currently receiving benefits | 65 |
| Inactive plan members entitled to but not yet receiving benefits | 7 |
| Active plan members | 3 |
| Total employees covered by the plan | 75 |

June 30, 2022

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, 2022 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, 2021 measurement date. The December 31, 2021 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, 2020 | \$ 21,635,675 | \$ 16,705,846 | \$ 4,929,829 |
| Changes for the year: | | | |
| Service cost | 35,416 | - | 35,416 |
| Interest | 1,574,798 | - | 1,574,798 |
| Differences between expected and actual experience | (258,017) | - | (258,017) |
| Changes in assumptions | 664,636 | - | 664,636 |
| Contributions - Employer | - | 2,305,870 | (2,305,870) |
| Contributions - Employee | - | 5,314 | (5,314) |
| Net investment income | - | 2,278,269 | (2,278,269) |
| Benefit payments, including refunds | (1,864,704) | (1,864,704) | - |
| Administrative expenses | - | (26,964) | 26,964 |
| Net changes | 152,129 | 2,697,785 | (2,545,656) |
| Balance at December 31, 2021 | <u>\$ 21,787,804</u> | <u>\$ 19,403,631</u> | <u>\$ 2,384,173</u> |

The plan's fiduciary net position represents 89.1 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, 2022, the City reported a liability of \$2,409,405 and the Parks and Recreation Commission reported an asset of \$25,232 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, 2022, the City recognized pension expense of \$391,315.

June 30, 2022

Note 8 - Pension Plan (Continued)

At June 30, 2022, 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 | \$ - | \$ (1,260,088) |
| Employer contributions to the plan subsequent to the measurement date | 1,028,082 | - |
| Total | <u>\$ 1,028,082</u> | <u>\$ (1,260,088)</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 |
|-------------------------|--------------|
| 2023 | \$ (208,298) |
| 2024 | (498,310) |
| 2025 | (367,832) |
| 2026 | (185,648) |

Actuarial Assumptions

The total pension liability in the December 31, 2021 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, 2022

Note 8 - Pension Plan (Continued)***Investment Rate of Return***

Best estimates of arithmetic real rates of return as of the December 31, 2021 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 | \$ 4,513,199 | \$ 2,384,173 | \$ 580,397 |

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.

Assumption Changes

A dedicated gains policy was adopted that automatically adjusts the 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 7.60 percent to 7.25 percent (net of investment expenses and gross of administrative expenses).

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.

June 30, 2022

Note 9 - Defined Contribution Pension Plan (Continued)

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 \$3,656,177. For the City of Northville Defined Contribution Plan, the current year contribution (including the DDA) was calculated based on covered payroll of \$2,405,734, resulting in an employer contribution of \$311,764.

Note 10 - Other Postemployment Benefit Plan***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 |
|---|-----------------------------|--|
| | December 31, 2021 | December 31, 2021 |
| Date of member count | | |
| Inactive plan members or beneficiaries currently receiving benefits | 75 | 12 |
| Active plan members | 13 | - |
| Total plan members | 88 | 12 |

June 30, 2022

Note 10 - Other Postemployment Benefit Plan (Continued)**Contributions**

Retiree health care costs for the plans are paid by the City for the Retiree Health Care Plan and the Northville Parks and Recreation Commission (the "Recreation Commission") for the Parks and Recreation Health Care Plan 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, 2022, the City made payments for postemployment health benefit premiums of \$184,548. Employees are not required to contribute to the plan. For the Recreation Commission's fiscal year ended December 31, 2021, the Recreation Commission contributed \$0 to the Parks and Recreation Retiree Health Care Plan.

Net OPEB Liability

The City chooses a date for each OPEB plan to measure its net OPEB liability. 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 liability | December 31, 2021 | December 31, 2021 |
| Based on a comprehensive actuarial valuation as of | December 31, 2020 | December 31, 2020 |

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, 2021 | \$ 12,020,900 | \$ 12,164,131 | \$ (143,231) |
| Changes for the year: | | | |
| Service cost | 76,066 | - | 76,066 |
| Interest | 820,541 | - | 820,541 |
| Differences between expected and actual experience | 15,589 | - | 15,589 |
| Changes in assumptions | (460,689) | - | (460,689) |
| Contributions - Employer | - | 223,824 | (223,824) |
| Net investment income | - | 1,692,554 | (1,692,554) |
| Benefit payments, including refunds | (673,824) | (673,824) | - |
| Administrative expenses | - | (23,323) | 23,323 |
| Net changes | (222,317) | 1,219,231 | (1,441,548) |
| Balance at December 31, 2021 | <u>\$ 11,798,583</u> | <u>\$ 13,383,362</u> | <u>\$ (1,584,779)</u> |

The plan's fiduciary net position represents 113.4 percent of the total OPEB liability.

June 30, 2022

Note 10 - Other Postemployment Benefit Plan (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, 2021 | \$ 774,978 | \$ 996,541 | \$ (221,563) |
| Changes for the year: | | | |
| Interest | 52,464 | - | 52,464 |
| Differences between expected and actual experience | 7,539 | - | 7,539 |
| Changes in assumptions | (24,711) | - | (24,711) |
| Net investment income | - | 137,537 | (137,537) |
| Benefit payments, including refunds | (50,979) | (50,979) | - |
| Administrative expenses | - | (1,896) | 1,896 |
| Net changes | (15,687) | 84,662 | (100,349) |
| Balance at December 31, 2021 | <u>\$ 759,291</u> | <u>\$ 1,081,203</u> | <u>\$ (321,912)</u> |

The plan's fiduciary net position represents 142.4 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, 2022, the City recognized OPEB income of \$555,328 related to the Retiree Health Care Plan. For the year ended December 31, 2021, the Recreation Commission recognized OPEB income of \$48,423.

At June 30, 2022, 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 | \$ 39,059 | \$ - |
| Changes in assumptions | - | (268,761) |
| Net difference between projected and actual earnings on OPEB plan investments | - | (1,140,017) |
| Total | <u>\$ 39,059</u> | <u>\$ (1,408,778)</u> |

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

| Years Ending June 30 | Amount |
|----------------------|--------------|
| 2023 | \$ (462,370) |
| 2024 | (429,178) |
| 2025 | (306,644) |
| 2026 | (171,527) |

June 30, 2022

Note 10 - Other Postemployment Benefit Plan (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 7.25 percent | 4.50 to 7.50 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 | \$ (64,543) | \$ (1,584,779) | \$ (2,835,386) |
| Net OPEB asset of the Parks and Recreation Retiree Health Care Plan | (226,945) | (321,912) | (400,692) |

June 30, 2022

Note 10 - Other Postemployment Benefit Plan (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 7.25 percent (decreasing to 4.5 percent) for the Retiree Health Care Plan and the health care cost trend rate of 7.50 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) liability 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 (6.25% or 6.50%, Decreasing to 3.5%) | Current Health Care Cost Trend Rate (7.25% or 7.50%, Decreasing to 4.5%) | 1 Percentage Point Increase (8.25% or 8.50%, Decreasing to 5.5%) |
|---|--|---|--|
| Net OPEB (asset) liability of the Retiree Health Care Plan | \$ (2,944,112) | \$ (1,584,779) | \$ 68,982 |
| Net OPEB asset of the Parks and Recreation Retiree Health Care Plan | (406,022) | (321,912) | (221,809) |

Assumption Changes

For both plans, the mortality tables used were updated from the Pub-2010 mortality tables using Scale MP-2019 to the Pub-2010 mortality tables using 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.

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, 2021 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 % | 4.59 % |
| Global fixed income | 20.00 | 2.23 |
| Private assets | 20.00 | 6.49 |

June 30, 2022

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---------------------|-------------------|--|
| Global equity | 60.00 % | 4.95 % |
| Global fixed income | 20.00 | 2.40 |
| Private assets | 20.00 | 7.00 |

Annual Money-weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 14.17 percent for the Retiree Health Care Plan. For the year ended December 31, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was 14.14 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, 2021:

| | Retiree Health Care Trust Fund | Parks and Recreation Retiree Health Care Trust Fund | Total |
|---|-----------------------------------|--|---------------|
| Statement of Net Position | | | |
| Investments | \$ 13,383,362 | \$ 1,081,203 | \$ 14,464,565 |
| Statement of Changes in Net Position | | | |
| Investment income | \$ 1,692,553 | \$ 137,537 | \$ 1,830,090 |
| Benefit payments | (450,000) | (50,979) | (500,979) |
| Other deductions | (23,322) | (1,896) | (25,218) |
| Net change in net position | \$ 1,219,231 | \$ 84,662 | \$ 1,303,893 |

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, 2022, the investment in the Recreation Commission was \$788,266. During the current year, the City contributed \$193,480 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, 2022

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, 2022, the investment in the Commission was \$35,407. During the current year, the City contributed \$18,010 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 2022, the City paid \$947,083 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:

| | 2022 | 2021 |
|---|------------------|-------------------|
| Estimated liability - Beginning of year | \$ 273,730 | \$ 67,086 |
| Estimated claims incurred, including changes in estimates | (162,993) | 214,507 |
| Claim payments | (48,933) | (7,863) |
| Estimated liability - End of year | <u>\$ 61,804</u> | <u>\$ 273,730</u> |

June 30, 2022

Note 14 - Tax Abatements

The City entered into lease agreements with two local businesses to utilize their vacant lots as public parking. Per the underlying contractual agreements, the City reimburses one business 100 percent and the other business 45 percent of their annual property taxes, respectively. The local businesses pay their full tax bills each year. These lease agreements may be terminated at any time. For the current fiscal year, the City reimbursed a total of \$5,593 to the property owners.

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, 2022, the City recognized the following related to its lessor agreements:

| | | |
|---------------------------------------|----|--------|
| Lease revenue | \$ | 34,106 |
| Interest income related to its leases | | 24,586 |

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2022

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|--|-----------------|----------------|--------------|------------------------------|
| Revenue | | | | |
| Property taxes | \$ 5,741,895 | \$ 5,760,755 | \$ 5,763,114 | \$ 2,359 |
| State-shared revenue and grants | 640,839 | 743,170 | 769,333 | 26,163 |
| Sales and services: | | | | |
| Cemetery | 87,500 | 216,800 | 192,019 | (24,781) |
| Charges for overhead services | 161,350 | 161,350 | 161,350 | - |
| Sales and services | 764,849 | 724,060 | 665,616 | (58,444) |
| Fines and forfeitures | 10,700 | 14,835 | 14,938 | 103 |
| Licenses, fees, and permits | 421,364 | 435,325 | 452,592 | 17,267 |
| Interest and rentals: | | | | |
| Investment income (loss) | 50,638 | (74,978) | (86,085) | (11,107) |
| Rental income | 200,738 | 164,072 | 164,643 | 571 |
| Other revenue: | | | | |
| Local contribution | 50,000 | 50,000 | 50,000 | - |
| Other | 16,500 | 37,321 | 272,164 | 234,843 |
| Racetrack breakage | 15,510 | 16,520 | 15,105 | (1,415) |
| Total revenue | 8,161,883 | 8,249,230 | 8,434,789 | 185,559 |
| Expenditures | | | | |
| Current services: | | | | |
| General government: | | | | |
| City Council | 25,610 | 41,790 | 38,379 | 3,411 |
| City manager and communications | 466,620 | 457,710 | 456,595 | 1,115 |
| Finance and administrative services | 358,843 | 352,435 | 342,850 | 9,585 |
| Technology costs | 85,700 | 107,950 | 73,286 | 34,664 |
| Tax and assessing | 221,240 | 218,115 | 215,753 | 2,362 |
| City clerk | 123,390 | 109,300 | 107,657 | 1,643 |
| City attorney | 152,000 | 167,000 | 147,976 | 19,024 |
| Elections | 90,890 | 81,530 | 78,497 | 3,033 |
| Insurance and other | 29,230 | 63,742 | 42,872 | 20,870 |
| Planning, zoning, and inspection | 450,070 | 452,954 | 441,755 | 11,199 |
| Central supply | 27,150 | 30,630 | 28,554 | 2,076 |
| Public safety: | | | | |
| Police department | 3,332,490 | 3,165,835 | 3,116,155 | 49,680 |
| Fire department | 1,138,790 | 1,055,805 | 953,861 | 101,944 |
| Public works: | | | | |
| Civic events | 45,300 | 38,875 | 28,806 | 10,069 |
| Administration | 315,250 | 220,825 | 211,967 | 8,858 |
| Street lighting and miscellaneous public works | 171,285 | 174,355 | 169,634 | 4,721 |
| Beautification | 3,875 | 4,020 | 2,835 | 1,185 |
| Cemetery | 137,975 | 213,655 | 192,018 | 21,637 |
| Buildings and grounds | 214,995 | 208,850 | 197,672 | 11,178 |
| Contribution to MERS Trusts | 200,000 | 350,000 | 350,000 | - |
| Recreation and culture | 238,990 | 238,990 | 238,990 | - |
| Debt service | 52,744 | 52,744 | 52,744 | - |
| Total expenditures | 7,882,437 | 7,807,110 | 7,488,856 | 318,254 |
| Excess of Revenue Over Expenditures | 279,446 | 442,120 | 945,933 | 503,813 |

Required Supplemental Information
Budgetary Comparison Schedule
General Fund (Continued)

Year Ended June 30, 2022

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|---|----------------------------|----------------------------|----------------------------|------------------------------|
| Other Financing Sources (Uses) | | | | |
| Transfers in | \$ - | \$ 135,064 | \$ 2,205 | \$ (132,859) |
| Transfers out | (354,446) | (772,789) | (756,249) | 16,540 |
| Total other financing uses | (354,446) | (637,725) | (754,044) | (116,319) |
| Net Change in Fund Balance | (75,000) | (195,605) | 191,889 | 387,494 |
| Fund Balance - Beginning of year | 3,034,275 | 3,034,275 | 3,034,275 | - |
| Fund Balance - End of year | <u><u>\$ 2,959,275</u></u> | <u><u>\$ 2,838,670</u></u> | <u><u>\$ 3,226,164</u></u> | <u><u>\$ 387,494</u></u> |

City of Northville, Michigan

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

Year Ended June 30, 2022

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|---|-------------------|-------------------|-------------------|------------------------------|
| Revenue | | | | |
| State-shared revenue and grants | \$ 214,180 | \$ 222,177 | \$ 222,314 | \$ 137 |
| Interest and rentals | 480 | (95) | (278) | (183) |
| Total revenue | 214,660 | 222,082 | 222,036 | (46) |
| Expenditures - Current services - Public works | 1,257,500 | 2,145,422 | 1,372,476 | 772,946 |
| Excess of Expenditures Over Revenue | (1,042,840) | (1,923,340) | (1,150,440) | 772,900 |
| Other Financing Sources - Transfers in | 1,042,840 | 1,842,242 | 1,080,026 | (762,216) |
| Net Change in Fund Balance | - | (81,098) | (70,414) | 10,684 |
| Fund Balance - Beginning of year | 216,343 | 216,343 | 216,343 | - |
| Fund Balance - End of year | <u>\$ 216,343</u> | <u>\$ 135,245</u> | <u>\$ 145,929</u> | <u>\$ 10,684</u> |

City of Northville, Michigan

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
Major Streets Fund

Year Ended June 30, 2022

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|---|-------------------|------------------|-------------------|------------------------------|
| Revenue | | | | |
| State-shared revenue and grants | \$ 474,141 | \$ 493,928 | \$ 489,697 | \$ (4,231) |
| Interest and rentals | 5,260 | (9,845) | (9,927) | (82) |
| Total revenue | 479,401 | 484,083 | 479,770 | (4,313) |
| Expenditures - Current services - Public works | 223,710 | 764,620 | 717,076 | 47,544 |
| Excess of Revenue Over (Under) Expenditures | 255,691 | (280,537) | (237,306) | 43,231 |
| Other Financing Uses - Transfers out | (150,075) | (100,000) | (75,000) | 25,000 |
| Net Change in Fund Balance | 105,616 | (380,537) | (312,306) | 68,231 |
| Fund Balance - Beginning of year | 460,111 | 460,111 | 460,111 | - |
| Fund Balance - End of year | <u>\$ 565,727</u> | <u>\$ 79,574</u> | <u>\$ 147,805</u> | <u>\$ 68,231</u> |

City of Northville, Michigan

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

Year Ended June 30, 2022

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|---|-------------------|-------------------|-------------------|------------------------------|
| Revenue | | | | |
| Special assessments | \$ 36,311 | \$ 43,186 | \$ 43,186 | \$ - |
| Sales and services | - | 160 | 158 | (2) |
| Licenses, fees, and permits | 4,850 | 6,510 | 6,630 | 120 |
| Interest and rentals | 5,860 | (6,810) | (7,917) | (1,107) |
| Other revenue | 120,900 | 95,900 | 94,747 | (1,153) |
| Total revenue | 167,921 | 138,946 | 136,804 | (2,142) |
| Expenditures - Current services - Public works | 335,823 | 317,749 | 138,206 | 179,543 |
| Excess of Expenditures Over Revenue | (167,902) | (178,803) | (1,402) | 177,401 |
| Other Financing Sources - Transfers in | 208,600 | 216,540 | 200,000 | (16,540) |
| Net Change in Fund Balance | 40,698 | 37,737 | 198,598 | 160,861 |
| Fund Balance - Beginning of year | 381,942 | 381,942 | 381,942 | - |
| Fund Balance - End of year | <u>\$ 422,640</u> | <u>\$ 419,679</u> | <u>\$ 580,540</u> | <u>\$ 160,861</u> |

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

Last Eight Fiscal Years

| | 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 | \$ 35,416 | \$ 31,315 | \$ 56,958 | \$ 56,977 | \$ 98,211 | \$ 90,532 | \$ 105,071 | \$ 108,463 |
| Interest | 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 | (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 | (1,864,704) | (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 | 152,129 | 580,271 | 322,932 | 369,744 | 457,199 | (141,033) | 920,004 | 186,438 |
| Total Pension Liability - Beginning of year | 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 | \$ 21,787,804 | \$ 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 | \$ 2,305,870 | \$ 1,900,497 | \$ 1,975,822 | \$ 1,944,846 | \$ 1,441,908 | \$ 1,319,184 | \$ 1,307,640 | \$ 1,099,108 |
| Contributions - Member | 5,314 | 9,324 | 10,532 | 12,996 | 12,583 | 11,156 | 11,969 | 11,676 |
| Net investment income (loss) | 2,278,269 | 2,083,138 | 1,732,088 | (514,514) | 1,517,589 | 1,191,540 | (167,140) | 661,980 |
| Administrative expenses | (26,964) | (29,397) | (29,811) | (25,025) | (23,990) | (23,515) | (23,783) | (24,342) |
| Benefit payments, including refunds | (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 | 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 | 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 | \$ 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 | \$ 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 | 89.06 % | 77.21 % | 69.27 % | 61.12 % | 63.27 % | 57.68 % | 52.25 % | 56.92 % |
| Covered Payroll | \$ 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 | 953.44 % | 1,971.37 % | 1,450.08 % | 1,786.27 % | 1,021.98 % | 1,192.15 % | 1,160.18 % | 963.09 % |

Required Supplemental Information
Schedule of Pension Contributions

| | Last Ten Fiscal Years | | | | | | | | | |
|--|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| | Years Ended June 30 | | | | | | | | | |
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Actuarially determined contribution | \$ 1,343,736 | \$ 1,197,792 | \$ 1,075,608 | \$ 986,107 | \$ 1,052,112 | \$ 901,164 | \$ 851,664 | \$ 842,856 | \$ 760,020 | \$ 717,456 |
| Contributions in relation to the actuarially determined contribution | 2,305,570 | 1,900,497 | 1,975,822 | 1,944,846 | 1,441,908 | 1,319,184 | 1,307,640 | 1,099,108 | 1,042,329 | 717,456 |
| Contribution Excess | \$ 961,834 | \$ 702,705 | \$ 900,214 | \$ 958,739 | \$ 389,796 | \$ 418,020 | \$ 455,976 | \$ 256,252 | \$ 282,309 | \$ - |

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 | Option B, level dollar contribution |
| Remaining amortization period | 17 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 | 50 percent female/50 percent male RP-2014 Healthy Annuity Mortality Table (rates multiplied by 105 percent), RP-2014 Employee Mortality Table, and RP-2014 Juvenile Mortality Table. For disabled retirees, RP-2014 Disabled Retiree Mortality Table, 50 percent male and 50 percent female blend |
| Other information | None |

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios -
Retiree Health Care Plan

| | Last Five Fiscal Years | | | | |
|---|---|---|---|---|---|
| | 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 | \$ 76,066 | \$ 96,431 | \$ 94,079 | \$ 129,148 | \$ 130,093 |
| Interest | 820,541 | 814,356 | 796,328 | 854,849 | 831,247 |
| Differences between expected and actual experience | 15,589 | 199,217 | - | (1,087,439) | - |
| Changes in assumptions | (460,689) | (340,902) | - | (1,037,180) | - |
| Benefit payments, including refunds | (673,824) | (667,285) | (600,797) | (633,720) | (691,872) |
| Net Change in Total OPEB Liability | (222,317) | 101,817 | 289,610 | (1,774,342) | 269,468 |
| Total OPEB Liability - Beginning of year | 12,020,900 | 11,919,083 | 11,629,473 | 13,403,815 | 13,134,347 |
| Total OPEB Liability - End of year | \$ 11,798,583 | \$ 12,020,900 | \$ 11,919,083 | \$ 11,629,473 | \$ 13,403,815 |
| Plan Fiduciary Net Position | | | | | |
| Contributions - Employer | \$ 223,824 | \$ 767,285 | \$ 600,797 | \$ 779,921 | \$ 593,069 |
| Net investment income (loss) | 1,692,554 | 1,424,531 | 1,270,482 | (352,219) | 1,108,749 |
| Administrative expenses | (23,323) | (19,169) | (18,103) | (23,589) | (21,446) |
| Benefit payments, including refunds | (673,824) | (667,285) | (600,797) | (633,720) | (691,872) |
| Net Change in Plan Fiduciary Net Position | 1,219,231 | 1,505,362 | 1,252,379 | (229,607) | 988,500 |
| Plan Fiduciary Net Position - Beginning of year | 12,164,131 | 10,658,769 | 9,406,390 | 9,635,997 | 8,647,497 |
| Plan Fiduciary Net Position - End of year | \$ 13,383,362 | \$ 12,164,131 | \$ 10,658,769 | \$ 9,406,390 | \$ 9,635,997 |
| Net OPEB (Asset) Liability - Ending | \$ (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 | 113.43 % | 101.19 % | 89.43 % | 80.88 % | 71.89 % |
| Covered-employee Payroll | \$ 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 | (160.02)% | (13.35)% | 101.96 % | 148.76 % | 242.68 % |

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

| | Last Four Fiscal Years* | | | |
|--|--------------------------------|----------------------------|----------------------------|---------------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Total OPEB Liability | | | | |
| Interest | \$ 52,464 | \$ 50,262 | \$ 50,172 | \$ 58,635 |
| Differences between expected and actual experience | 7,539 | 53,745 | - | (122,088) |
| Changes in assumptions | (24,711) | (21,782) | - | (70,657) |
| Benefit payments, including refunds | <u>(50,979)</u> | <u>(50,526)</u> | <u>(47,260)</u> | <u>(55,200)</u> |
| Net Change in Total OPEB Liability | (15,687) | 31,699 | 2,912 | (189,310) |
| Total OPEB Liability - Beginning of year | <u>774,978</u> | <u>743,279</u> | <u>740,367</u> | <u>929,677</u> |
| Total OPEB Liability - End of year | <u>\$ 759,291</u> | <u>\$ 774,978</u> | <u>\$ 743,279</u> | <u>\$ 740,367</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - Employer | \$ - | \$ - | \$ 64,013 | \$ 64,013 |
| Net investment income (loss) | 137,537 | 116,534 | 108,259 | (30,989) |
| Administrative expenses | (1,896) | (1,624) | (1,532) | - |
| Benefit payments, including refunds | (50,979) | (50,526) | (47,260) | (55,200) |
| Other | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,054)</u> |
| Net Change in Plan Fiduciary Net Position | 84,662 | 64,384 | 123,480 | (24,230) |
| Plan Fiduciary Net Position - Beginning of year | <u>996,541</u> | <u>932,157</u> | <u>808,677</u> | <u>832,907</u> |
| Plan Fiduciary Net Position - End of year | <u>\$ 1,081,203</u> | <u>\$ 996,541</u> | <u>\$ 932,157</u> | <u>\$ 808,677</u> |
| Net OPEB Asset - Ending | <u>\$ (321,912)</u> | <u>\$ (221,563)</u> | <u>\$ (188,878)</u> | <u>\$ (68,310)</u> |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | 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 Supplemental Information
Schedule of OPEB Contributions -
Retiree Health Care Plan

Last Ten Fiscal Years
Years Ended June 30

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 78,057 | \$ 76,153 | \$ 281,066 | \$ 278,711 | \$ 391,691 | \$ 808,187 | \$ 993,116 | \$ 840,692 | \$ 820,187 | \$ 1,012,634 |
| Contributions in relation to the actuarially determined contribution | 223,824 | 767,285 | 600,797 | 779,921 | 847,194 | 1,001,872 | 1,109,503 | 961,787 | 1,129,194 | 1,305,128 |
| Contribution Excess | \$ 145,767 | \$ 691,132 | \$ 319,731 | \$ 501,210 | \$ 455,503 | \$ 193,685 | \$ 116,387 | \$ 121,095 | \$ 309,007 | \$ 292,494 |

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 | 22 years |
| Asset valuation method | Market value |
| Inflation | 2.50 percent |
| Health care cost trend rates | 4.50 to 7.25 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 Supplemental Information Schedule of OPEB Contributions - Parks and Recreation Retiree Health Care Plan

| | Last Ten Fiscal Years | | | | | | | | | |
|--|-----------------------|-------------|------------------|-------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | Years Ended | | | | | | | | | |
| | 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* | 6/30/2013* |
| Actuarially determined contribution | \$ - | \$ - | \$ - | \$ 64,013 | \$ 38,181 | \$ 74,666 | \$ 993,116 | \$ 840,692 | \$ 820,187 | \$ 1,012,634 |
| Contributions in relation to the actuarially determined contribution | - | - | 64,013 | 64,013 | 78,030 | 180,962 | 1,109,503 | 961,787 | 1,129,194 | 1,305,128 |
| Contribution Excess | \$ - | \$ - | \$ 64,013 | \$ - | \$ 39,849 | \$ 106,296 | \$ 116,387 | \$ 121,095 | \$ 309,007 | \$ 292,494 |
| Covered Payroll | \$ - | \$ - | \$ - | \$ - | \$ 118,363 | \$ 169,460 | \$ 2,689,840 | \$ 2,618,278 | \$ 2,618,278 | \$ 2,722,596 |
| Contributions as a Percentage of Covered Payroll | - % | - % | - % | - % | 65.92 % | 106.79 % | 41.25 % | 36.73 % | 43.13 % | 47.94 % |

*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 7.50 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 Supplemental Information Schedule of OPEB Investment Returns - Retiree Health Care Plan

| | Last Six Plan Years* | | | | | |
|---|-------------------------|---------|---------|---------|---------|---------|
| | Years Ended December 31 | | | | | |
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Annual money-weighted rate of return, net of investment expense | 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 Supplemental Information Schedule of OPEB Investment Returns - Parks and Recreation Retiree Health Care Plan

| | Last Six Plan Years* | | | | | |
|---|-------------------------|---------|---------|---------|---------|---------|
| | Years Ended December 31 | | | | | |
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Annual money-weighted rate of return, net of investment expense | 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, goals and objectives are prioritized by the City Council for the next fiscal year.

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.

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.

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 morality 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 morality 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.

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
General Fund

June 30, 2022

| | General Fund | Interfund Investment Pool Fund | Payroll Fund | Sustainability Revolving Fund | Total |
|--|---------------------|--------------------------------------|-------------------|-------------------------------------|---------------------|
| Assets | | | | | |
| Cash and investments | \$ 3,578,230 | \$ 1,611 | \$ - | \$ 15,639 | \$ 3,595,480 |
| Receivables: | | | | | |
| Property taxes receivable | 2,841 | - | - | - | 2,841 |
| Customer receivables | 4,015 | - | - | - | 4,015 |
| Other receivables | 46,802 | - | 148,510 | - | 195,312 |
| Due from other governmental units | 133,118 | - | - | - | 133,118 |
| Due from (to) other funds | 163,279 | - | (163,279) | - | - |
| Due from other funds | 93,135 | - | - | - | 93,135 |
| Advances to other funds | 368,500 | - | - | - | 368,500 |
| Inventory | 26,213 | - | - | - | 26,213 |
| Prepaid expenses and other assets | 216,742 | - | 122,400 | - | 339,142 |
| Total assets | \$ 4,632,875 | \$ 1,611 | \$ 107,631 | \$ 15,639 | \$ 4,757,756 |
| Liabilities | | | | | |
| Accounts payable | \$ 140,492 | \$ - | \$ - | \$ 2 | \$ 140,494 |
| Due to other governmental units | 97 | - | 1,188 | - | 1,285 |
| Refundable deposits, bonds, etc. | 327,666 | - | - | - | 327,666 |
| Accrued liabilities and other | 311,075 | 1,611 | 106,443 | - | 419,129 |
| Unearned revenue | 636,383 | - | - | - | 636,383 |
| Total liabilities | 1,415,713 | 1,611 | 107,631 | 2 | 1,524,957 |
| Deferred Inflows of Resources - | | | | | |
| Unavailable revenue | 6,635 | - | - | - | 6,635 |
| Total liabilities and deferred inflows of resources | 1,422,348 | 1,611 | 107,631 | 2 | 1,531,592 |
| Fund Balances | | | | | |
| Nonspendable: | | | | | |
| Inventory | 26,213 | - | - | - | 26,213 |
| Prepays | 154,938 | - | 122,400 | - | 277,338 |
| Long-term advance to other fund | 368,500 | - | - | - | 368,500 |
| Restricted - Police forfeitures | 113,752 | - | - | - | 113,752 |
| Assigned: | | | | | |
| Beautification commission | 541 | - | - | - | 541 |
| Sustainability revolving fund | - | - | - | 15,637 | 15,637 |
| Unassigned | 2,546,583 | - | (122,400) | - | 2,424,183 |
| Total fund balances | 3,210,527 | - | - | 15,637 | 3,226,164 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 4,632,875 | \$ 1,611 | \$ 107,631 | \$ 15,639 | \$ 4,757,756 |

City of Northville, Michigan

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

Year Ended June 30, 2022

| | General Fund | Interfund Investment Pool Fund | Payroll Fund | Sustainability Revolving Fund | Total |
|--|---------------------|--------------------------------------|--------------|-------------------------------------|---------------------|
| Revenue | | | | | |
| Property taxes | \$ 5,763,114 | \$ - | \$ - | \$ - | \$ 5,763,114 |
| State-shared revenue and grants: | | | | | |
| Federal grants | 456 | - | - | - | 456 |
| State-shared revenue and grants | 768,877 | - | - | - | 768,877 |
| Sales and services: | | | | | |
| Cemetery | 192,019 | - | - | - | 192,019 |
| Charges for overhead services | 161,350 | - | - | - | 161,350 |
| Sales and services | 665,616 | - | - | - | 665,616 |
| Fines and forfeitures | 14,938 | - | - | - | 14,938 |
| Licenses, fees, and permits | 452,592 | - | - | - | 452,592 |
| Interest and rentals: | | | | | |
| Investment (loss) income | (85,800) | - | - | (285) | (86,085) |
| Rental income | 164,643 | - | - | - | 164,643 |
| Other revenue: | | | | | |
| Local contribution | 50,000 | - | - | - | 50,000 |
| Other | 267,503 | - | - | 4,661 | 272,164 |
| Racetrack breakage | 15,105 | - | - | - | 15,105 |
| Total revenue | 8,430,413 | - | - | 4,376 | 8,434,789 |
| Expenditures | | | | | |
| Current services: | | | | | |
| General government | 1,974,174 | - | - | - | 1,974,174 |
| Public safety: | | | | | |
| Police department | 3,116,155 | - | - | - | 3,116,155 |
| Fire department | 953,861 | - | - | - | 953,861 |
| Public works | 802,932 | - | - | - | 802,932 |
| Contribution to MERS Trusts | 350,000 | - | - | - | 350,000 |
| Recreation and culture | 238,990 | - | - | - | 238,990 |
| Debt service | 52,744 | - | - | - | 52,744 |
| Total expenditures | 7,488,856 | - | - | - | 7,488,856 |
| Excess of Revenue Over Expenditures | 941,557 | - | - | 4,376 | 945,933 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 2,205 | - | - | - | 2,205 |
| Transfers out | (756,249) | - | - | - | (756,249) |
| Total other financing uses | (754,044) | - | - | - | (754,044) |
| Net Change in Fund Balances | 187,513 | - | - | 4,376 | 191,889 |
| Fund Balances - Beginning of year | 3,023,014 | - | - | 11,261 | 3,034,275 |
| Fund Balances - End of year | <u>\$ 3,210,527</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,637</u> | <u>\$ 3,226,164</u> |

City of Northville, Michigan

| | Special Revenue Funds | | | Debt Service Funds | | |
|---|---|-------------------------------|----------------------------|---------------------------------|------------------------|----------------------------|
| | Street, Drainage, and Sidewalk Improvement Fund | Housing Commission Fund | Cemetery Fund | 2018 UTGO Debt Retirement | DDA Debt Service | Housing Debt Retirement |
| Assets | | | | | | |
| Cash and investments | \$ 996,401 | \$ 410,023 | \$ 1,228,452 | \$ (4) | \$ 2,554 | \$ 2,780 |
| Receivables: | | | | | | |
| Other receivables | 27 | 10 | 1 | - | - | - |
| Due from other governmental units | 8 | - | - | 4 | - | - |
| Total assets | <u><u>\$ 996,436</u></u> | <u><u>\$ 410,033</u></u> | <u><u>\$ 1,228,453</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,554</u></u> | <u><u>\$ 2,780</u></u> |
| Liabilities | | | | | | |
| Accounts payable | \$ 173 | \$ 4,206 | \$ 5 | \$ - | \$ - | \$ - |
| Refundable deposits, bonds, etc. | - | 26,860 | - | - | - | - |
| Accrued liabilities and other | - | 28,149 | - | - | - | - |
| Unearned revenue | - | 12,596 | - | - | - | - |
| Total liabilities | 173 | 71,811 | 5 | - | - | - |
| Deferred Inflows of Resources - Unavailable revenue | - | - | - | - | - | - |
| Fund Balances | | | | | | |
| Restricted: | | | | | | |
| Streets, drains, and sidewalk improvements | 996,263 | - | - | - | - | - |
| Committed: | | | | | | |
| Equipment and capital projects | - | - | - | - | - | - |
| Cemetery maintenance | - | - | 1,228,448 | - | - | - |
| Allen Terrace | - | 338,222 | - | - | - | - |
| Debt service | - | - | - | - | 2,554 | 2,780 |
| Total fund balances | <u>996,263</u> | <u>338,222</u> | <u>1,228,448</u> | <u>-</u> | <u>2,554</u> | <u>2,780</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u><u>\$ 996,436</u></u> | <u><u>\$ 410,033</u></u> | <u><u>\$ 1,228,453</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,554</u></u> | <u><u>\$ 2,780</u></u> |

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

| Capital Project Funds | | | |
|------------------------------------|----------------------------------|---|---|
| Police Equipment Replacement | Fire Equipment Replacement | Housing Commission Capital Outlay | Total Nonmajor Governmental Funds |
| \$ 223,729 | \$ 1,574,325 | \$ 1,207,577 | \$ 5,645,837 |
| 6,703 | 28 | 19 | 6,788 |
| - | 17,583 | 20,000 | 37,595 |
| \$ 230,432 | \$ 1,591,936 | \$ 1,227,596 | \$ 5,690,220 |
| \$ 20 | \$ 148 | \$ 20,105 | \$ 24,657 |
| - | - | - | 26,860 |
| - | - | - | 28,149 |
| - | - | - | 12,596 |
| 20 | 148 | 20,105 | 92,262 |
| - | 17,583 | - | 17,583 |
| - | - | - | 996,263 |
| 230,412 | 1,574,205 | 1,207,491 | 3,012,108 |
| - | - | - | 1,228,448 |
| - | - | - | 338,222 |
| - | - | - | 5,334 |
| 230,412 | 1,574,205 | 1,207,491 | 5,580,375 |
| \$ 230,432 | \$ 1,591,936 | \$ 1,227,596 | \$ 5,690,220 |

City of Northville, Michigan

| | Special Revenue Funds | | | Debt Service Funds | | |
|--|---|-------------------------------|---------------------|---------------------------------|---------------------|----------------------------|
| | Street, Drainage, and Sidewalk Improvement Fund | Housing Commission Fund | Cemetery Fund | 2018 UTGO Debt Retirement | DDA Debt Service | Housing Debt Retirement |
| Revenue | | | | | | |
| Property taxes | \$ 686,175 | \$ - | \$ - | \$ 350,808 | \$ - | \$ - |
| State-shared revenue and grants: | | | | | | |
| State-shared revenue and grants | 2,769 | - | - | 1,465 | - | - |
| Community Development Block Grant | - | - | - | - | - | - |
| Sales and services | - | 8,549 | 46,307 | - | - | - |
| Interest and rentals: | | | | | | |
| Investment (loss) income | (40,399) | (8,420) | 1,848 | 14 | - | - |
| Rental income | - | 826,010 | - | - | - | - |
| Other revenue: | | | | | | |
| Local contribution | - | - | - | - | 174,685 | - |
| Other | - | 23,004 | - | - | - | - |
| Michigan Housing Authority subsidies | - | 56,435 | - | - | - | - |
| Total revenue | 648,545 | 905,578 | 48,155 | 352,287 | 174,685 | - |
| Expenditures | | | | | | |
| Current services: | | | | | | |
| Public safety | - | - | - | - | - | - |
| Senior housing | - | 657,995 | - | - | - | - |
| Debt service | - | - | - | 354,382 | 174,685 | 92,996 |
| Total expenditures | - | 657,995 | - | 354,382 | 174,685 | 92,996 |
| Excess of Revenue Over (Under) Expenditures | 648,545 | 247,583 | 48,155 | (2,095) | - | (92,996) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | 16,620 | - | - | - | 92,996 |
| Transfers out | (1,005,026) | (264,203) | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - |
| Total other financing (uses) sources | (1,005,026) | (247,583) | - | - | - | 92,996 |
| Net Change in Fund Balances | (356,481) | - | 48,155 | (2,095) | - | - |
| Fund Balances - Beginning of year | 1,352,744 | 338,222 | 1,180,293 | 2,095 | 2,554 | 2,780 |
| Fund Balances - End of year | <u>\$ 996,263</u> | <u>\$ 338,222</u> | <u>\$ 1,228,448</u> | <u>\$ -</u> | <u>\$ 2,554</u> | <u>\$ 2,780</u> |

Other Supplemental Information

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

Nonmajor Governmental Funds

Year Ended June 30, 2022

| Capital Project Funds | | | |
|------------------------------------|----------------------------------|---|---|
| Police Equipment Replacement | Fire Equipment Replacement | Housing Commission Capital Outlay | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ - | \$ 1,036,983 |
| 6,877 | - | - | 11,111 |
| - | - | 20,185 | 20,185 |
| - | - | - | 54,856 |
| (4,040) | (27,920) | (22,636) | (101,553) |
| - | - | - | 826,010 |
| 10,551 | 87,924 | - | 273,160 |
| - | - | - | 23,004 |
| - | - | - | 56,435 |
| 13,388 | 60,004 | (2,451) | 2,200,191 |
| 99,482 | 18,496 | - | 117,978 |
| - | - | 320,076 | 978,071 |
| - | - | - | 622,063 |
| 99,482 | 18,496 | 320,076 | 1,718,112 |
| (86,094) | 41,508 | (322,527) | 482,079 |
| 60,000 | 179,403 | 171,207 | 520,226 |
| - | - | - | (1,269,229) |
| 7,125 | - | - | 7,125 |
| 67,125 | 179,403 | 171,207 | (741,878) |
| (18,969) | 220,911 | (151,320) | (259,799) |
| 249,381 | 1,353,294 | 1,358,811 | 5,840,174 |
| \$ 230,412 | \$ 1,574,205 | \$ 1,207,491 | \$ 5,580,375 |

Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2022

| | Municipal Equipment | Employees' Accumulated Compensation | Total Internal Service Funds |
|--|--------------------------|---|---------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 90,798 | \$ 531,353 | \$ 622,151 |
| Receivables | 79 | 9 | 88 |
| Inventory | 51,984 | - | 51,984 |
| Prepaid expenses and other assets | 3,978 | - | 3,978 |
| Total current assets | 146,839 | 531,362 | 678,201 |
| Noncurrent assets: | | | |
| Leases receivable | 689,869 | - | 689,869 |
| Capital assets - Assets subject to depreciation | 517,482 | - | 517,482 |
| Total noncurrent assets | 1,207,351 | - | 1,207,351 |
| Total assets | 1,354,190 | 531,362 | 1,885,552 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 4,719 | 49 | 4,768 |
| Accrued liabilities and other | 1,161 | - | 1,161 |
| Current portion of compensated absences | 4,207 | - | 4,207 |
| Total current liabilities | 10,087 | 49 | 10,136 |
| Noncurrent liabilities - Compensated absences - Net of current portion | 7,173 | - | 7,173 |
| Total liabilities | 17,260 | 49 | 17,309 |
| Deferred Inflows of Resources - Leases | 667,903 | - | 667,903 |
| Net Position | | | |
| Net investment in capital assets | 517,482 | - | 517,482 |
| Unrestricted | 151,545 | 531,313 | 682,858 |
| Total net position | <u><u>\$ 669,027</u></u> | <u><u>\$ 531,313</u></u> | <u><u>\$ 1,200,340</u></u> |

City of Northville, Michigan

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

Year Ended June 30, 2022

| | Municipal Equipment | Employees' Accumulated Compensation | Total Internal Service Funds |
|---|------------------------|---|---------------------------------|
| Operating Revenue | | | |
| Rental income | \$ 283,985 | \$ - | \$ 283,985 |
| Other revenue | 1,326 | 56,089 | 57,415 |
| Total operating revenue | 285,311 | 56,089 | 341,400 |
| Operating Expenses | | | |
| Other operating and maintenance costs | 261,410 | - | 261,410 |
| Operating transfers | - | 12,979 | 12,979 |
| Depreciation | 78,822 | - | 78,822 |
| Total operating expenses | 340,232 | 12,979 | 353,211 |
| Operating (Loss) Income | (54,921) | 43,110 | (11,811) |
| Nonoperating Revenue (Expense) | | | |
| Investment income (loss) | 24,056 | (9,773) | 14,283 |
| Gain (loss) on sale of assets | 11,911 | - | 11,911 |
| Lease revenue | 34,106 | - | 34,106 |
| Total nonoperating revenue (expense) | 70,073 | (9,773) | 60,300 |
| Change in Net Position | 15,152 | 33,337 | 48,489 |
| Net Position - Beginning of year | 653,875 | 497,976 | 1,151,851 |
| Net Position - End of year | \$ 669,027 | \$ 531,313 | \$ 1,200,340 |

Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2022

| | Equipment | Employees Compensated Absences | Total Internal Service Funds |
|---|-------------------|--------------------------------------|---------------------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 283,985 | \$ - | \$ 283,985 |
| Receipts from interfund services and reimbursements | - | 43,110 | 43,110 |
| Payments to suppliers | (186,094) | - | (186,094) |
| Payments to employees and fringes | (102,751) | - | (102,751) |
| Other receipts (payments) | 1,484 | (8) | 1,476 |
| Net cash and cash equivalents (used in) provided by operating activities | (3,376) | 43,102 | 39,726 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Lease payments received | 36,726 | - | 36,726 |
| Proceeds from sale of capital assets | 11,911 | - | 11,911 |
| Purchase of capital assets | (15,350) | - | (15,350) |
| Net cash and cash equivalents provided by capital and related financing activities | 33,287 | - | 33,287 |
| Cash Flows from Investing Activities | | | |
| Interest received on investments | 325 | 4,091 | 4,416 |
| Net realized losses on investments | (855) | (13,864) | (14,719) |
| Net cash and cash equivalents used in investing activities | (530) | (9,773) | (10,303) |
| Net Increase in Cash and Cash Equivalents | 29,381 | 33,329 | 62,710 |
| Cash and Cash Equivalents - Beginning of year | 61,417 | 498,024 | 559,441 |
| Cash and Cash Equivalents - End of year | \$ 90,798 | \$ 531,353 | \$ 622,151 |
| Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities | | | |
| Operating (loss) income | \$ (54,921) | \$ 43,110 | \$ (11,811) |
| Adjustments to reconcile operating (loss) income to net cash from operating activities: | | | |
| Depreciation | 78,822 | - | 78,822 |
| Changes in assets and liabilities: | | | |
| Receivables | 158 | (8) | 150 |
| Inventories | (26,404) | - | (26,404) |
| Prepaid and other assets | 1,166 | - | 1,166 |
| Net pension or OPEB asset | 12,541 | - | 12,541 |
| Accounts payable | (2,358) | - | (2,358) |
| Accrued and other liabilities | (12,380) | - | (12,380) |
| Total adjustments | 51,545 | (8) | 51,537 |
| Net cash and cash equivalents (used in) provided by operating activities | \$ (3,376) | \$ 43,102 | \$ 39,726 |

Other Supplemental Information
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2022

| | Other Employee Benefit Trust Funds | | | Private Purpose Trust Fund | Custodial Fund | |
|---|--|---|----------------------|----------------------------|---------------------|-----------------------|
| | Retiree Health Care Trust Fund (As of 12/31/2021) | Parks and Recreation Retiree Health Care Trust Fund (As of 12/31/2021) | Total | Allen Terrace Trust Fund | Tax Collection Fund | Total Fiduciary Funds |
| Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 143,040 | \$ 1,264 | \$ 144,304 |
| Investments | 13,383,362 | 1,081,203 | 14,464,565 | - | - | 14,464,565 |
| Receivables | - | - | - | 3 | - | 3 |
| Total assets | 13,383,362 | 1,081,203 | 14,464,565 | 143,043 | 1,264 | 14,608,872 |
| Liabilities - Accounts payable | - | - | - | 14 | 1,264 | 1,278 |
| Net Position | | | | | | |
| Restricted: | | | | | | |
| Postemployment benefits other than pension | 13,383,362 | 1,081,203 | 14,464,565 | - | - | 14,464,565 |
| Individuals, organizations, and other governments | - | - | - | 143,029 | - | 143,029 |
| Total net position | <u>\$ 13,383,362</u> | <u>\$ 1,081,203</u> | <u>\$ 14,464,565</u> | <u>\$ 143,029</u> | <u>\$ -</u> | <u>\$ 14,607,594</u> |

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

Year Ended June 30, 2022

| | Other Employee Benefit Trust Funds | | | Private Purpose Trust Fund | Custodial Fund | |
|--|--|---|-----------------------------|----------------------------|---------------------|-----------------------------|
| | Retiree Health Care Trust Fund (Year Ended December 31, 2021) | Parks and Recreation Retiree Health Care Trust Fund (Year Ended December 31, 2021) | Total | Allen Terrace Trust Fund | Tax Collection Fund | Total Fiduciary Funds |
| Additions | | | | | | |
| Investment income (loss) - Interest and dividends | \$ 1,692,553 | \$ 137,537 | \$ 1,830,090 | \$ (2,869) | \$ - | \$ 1,827,221 |
| Property tax collections on behalf of other governments | - | - | - | - | 13,171,026 | 13,171,026 |
| Total additions | 1,692,553 | 137,537 | 1,830,090 | (2,869) | 13,171,026 | 14,998,247 |
| Deductions | | | | | | |
| Benefit payments | 450,000 | 50,979 | 500,979 | - | - | 500,979 |
| Rent assistance | - | - | - | 708 | - | 708 |
| Disbursements to Northville Public Schools | - | - | - | - | 3,802,357 | 3,802,357 |
| Disbursements to Library | - | - | - | - | 453,917 | 453,917 |
| Disbursements to Wayne County, Michigan | - | - | - | - | 5,479,315 | 5,479,315 |
| Disbursements to Oakland County, Michigan | - | - | - | - | 3,416,193 | 3,416,193 |
| Disbursements - Delinquent property taxes | - | - | - | - | 19,244 | 19,244 |
| Administrative expenses | 23,322 | 1,896 | 25,218 | - | - | 25,218 |
| Total deductions | 473,322 | 52,875 | 526,197 | 708 | 13,171,026 | 13,697,931 |
| Net Increase (Decrease) in Fiduciary Net Position | 1,219,231 | 84,662 | 1,303,893 | (3,577) | - | 1,300,316 |
| Net Position - Beginning of year | 12,164,131 | 996,541 | 13,160,672 | 146,606 | - | 13,307,278 |
| Net Position - End of year | <u><u>\$ 13,383,362</u></u> | <u><u>\$ 1,081,203</u></u> | <u><u>\$ 14,464,565</u></u> | <u><u>\$ 143,029</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 14,607,594</u></u> |