

*City of*  
**Northville**  
*Michigan*

**Financial Report**  
**with Supplemental Information**

**June 30, 2021**

<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-9
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11-12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13-14
Reconciliation of the Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Proprietary Funds:	
Statement of Net Position	18-19
Statement of Revenue, Expenses, and Changes in Net Position	20
Statement of Cash Flows	21-22
Fiduciary Funds:	
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to Financial Statements	25-52
<b>Required Supplemental Information</b>	53
Budgetary Comparison Schedule - General Fund	54-55
Budgetary Comparison Schedule - Major Special Revenue Funds	56-57
Schedule of Changes in the Net Pension Liability and Related Ratios	58
Schedule of Pension Contributions	59
Schedule of Changes in the Net OPEB Liability and Related Ratios Retiree Health Care Plan	60
Schedule of Changes in the Net OPEB Asset and Related Ratios Parks and Recreation Retiree Health Care Plan	61
Schedule of OPEB Contributions Retiree Health Care Plan	62
Schedule of OPEB Contributions Parks and Recreation Retiree Health Care Plan	63
Schedule of OPEB Investment Returns Retiree Health Care Plan	64
Schedule of OPEB Investment Returns Parks and Recreation Retiree Health Care Plan	65
Notes to Required Supplemental Information	66-67
<b>Other Supplemental Information</b>	68
Nonmajor Governmental Funds:	
Combining Balance Sheet	69
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	70
Combining Balance Sheet	71-72
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	73-74
Internal Service Funds:	
Combining Statement of Net Position	75
Combining Statement of Revenue, Expenses, and Changes in Net Position	76
Combining Statement of Cash Flows	77-78
Fiduciary Funds:	
Statement of Fiduciary Net Position	79
Statement of Changes in Fiduciary Net Position	80

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Northville, Michigan (the "City") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Northville, Michigan's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Northville, Michigan as of June 30, 2021 and the respective changes in its 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.

#### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in 2021, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which gives guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

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

### ***Other Matters***

#### ***Required Supplemental Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Northville, Michigan'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.

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

The other supplemental information, as identified in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

*Plante & Moran, PLLC*

November 5, 2021

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, 2021.

### ***Financial Highlights***

Governmental assets and deferred outflows exceeded liabilities and deferred inflows by \$34.8 million, an 11 percent increase from the prior year. For business-type activities, net position increased by approximately \$359,000, or 5.6 percent.

Property tax revenue increased by 3 percent from the prior year, and it continues to be the City's single largest source of revenue at approximately 53 percent of total governmental revenue. The City's millage generated approximately \$5.3 million to support General Fund operations; \$666,000 for street, drainage, and sidewalk improvements; and \$352,000 for debt service.

Federal grant funding of \$610,000 was received during the fiscal year. A total of \$339,000 was used to reimburse the City for expenditures related to COVID-19, such as payroll, personal protective equipment (PPE), and supplies. A total of \$238,000 was used to purchase a new rescue vehicle for the Fire Department. The remainder was to reimburse for election costs, bullet-proof vests, fire department respirators, and air conditioning units at Allen Terrace.

As of December 31, 2020, the net pension liability was \$4.9 million, and the plan's fiduciary net position was 77 percent of total pension liability. There were a total of 76 participants in the plan, 3 of whom were active. That is down from 79 participants and 5 actives in the prior year. The Parks and Recreation Commission has its own separate divisions within this plan, and its net pension liability was \$438.

As of December 31, 2020, the net other postemployment benefits (OPEB) asset was \$143,231 for the City and \$221,563 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 \$498,000 to fund the accumulated compensated absences liability. This represents accumulated vacation, sick, and compensation time earned by employees.

Long-term governmental debt obligations are \$3.6 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 \$539,500.

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
	2019	2020	2021	Change	
<b>Assets</b>					
Current and other assets	\$ 19,691,605	\$ 20,275,705	\$ 18,101,979	\$ (2,173,726)	(10.7)
Capital assets	23,333,307	24,860,216	27,100,648	2,240,432	9.0
Total assets	43,024,912	45,135,921	45,202,627	66,706	0.1
<b>Deferred Outflows of Resources -</b>					
Related to pensions and OPEB	2,204,837	960,241	1,160,341	200,100	20.8
<b>Liabilities</b>					
Current liabilities	1,032,036	2,580,504	1,748,372	(832,132)	(32.2)
Noncurrent liabilities:					
Due within one year	633,024	658,981	719,906	60,925	9.2
Due in more than one year	13,652,332	10,891,363	7,792,963	(3,098,400)	(28.4)
Total liabilities	15,317,392	14,130,848	10,261,241	(3,869,607)	(27.4)
<b>Deferred Inflows of Resources -</b>					
Related to pensions and OPEB	1,169,376	613,759	1,283,572	669,813	109.1
<b>Net Position</b>					
Net investment in capital assets	21,701,307	20,697,216	23,498,648	2,801,432	13.5
Restricted	2,982,872	4,416,338	2,151,565	(2,264,773)	(51.3)
Unrestricted	4,058,802	6,238,001	9,167,942	2,929,941	47.0
Total net position	<u>\$ 28,742,981</u>	<u>\$ 31,351,555</u>	<u>\$ 34,818,155</u>	<u>\$ 3,466,600</u>	11.1

	Business-type Activities				Percent Change
	2019	2020	2021	Change	
<b>Assets</b>					
Current and other assets	\$ 2,993,796	\$ 2,652,364	\$ 1,447,676	\$ (1,204,688)	(45.4)
Capital assets	5,116,946	5,742,627	6,975,260	1,232,633	21.5
Total assets	8,110,742	8,394,991	8,422,936	27,945	0.3
<b>Deferred Outflows of Resources -</b>					
Related to pensions and OPEB	280,971	129,607	146,316	16,709	12.9
<b>Liabilities</b>					
Current liabilities	308,409	1,133,118	1,058,931	(74,187)	(6.5)
Noncurrent liabilities:					
Due within one year	1,090	1,523	7,140	5,617	368.8
Due in more than one year	1,141,188	870,844	550,595	(320,249)	(36.8)
Total liabilities	1,450,687	2,005,485	1,616,666	(388,819)	(19.4)
<b>Deferred Inflows of Resources</b>	199,151	119,513	193,619	74,106	62.0
<b>Net Position</b>					
Net investment in capital assets	5,116,946	5,120,627	6,975,260	1,854,633	36.2
Unrestricted	1,624,929	1,278,973	(216,293)	(1,495,266)	(116.9)
Total net position	<u>\$ 6,741,875</u>	<u>\$ 6,399,600</u>	<u>\$ 6,758,967</u>	<u>\$ 359,367</u>	5.6

**Governmental Activities**

Overall, the City's net position of governmental activities increased by 11 percent from a year ago. Total assets remained fairly consistent from the prior year. Current assets decreased by approximately the same amount as the increase in capital assets due to investment in street reconstruction, police and fire equipment, parking deck restoration, and other equipment needs.

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 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.

**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'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 5.6 percent was expected for the following reasons:

The increase in capital assets and decrease in current and other assets was due to the investment in water main replacement projects.

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.

## City of Northville, Michigan

### 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					
	2019	2020	2021	Change	Percent Change
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 2,273,496	\$ 2,426,540	\$ 2,428,546	\$ 2,006	0.1
Operating grants and contributions	472,006	413,081	834,112	421,031	101.9
Capital grants and contributions	271,284	659,245	766,180	106,935	16.2
General revenue:					
Property taxes	5,896,286	6,435,684	6,639,014	203,330	3.2
State-shared revenue and grants	1,159,247	1,174,671	1,313,510	138,839	11.8
Investment income	458,756	389,168	92,832	(296,336)	(76.1)
Other revenue:					
Racetrack breakage	231,050	157,201	189,558	32,357	20.6
Sale of capital assets	11,500	73,849	9,000	(64,849)	(87.8)
Other miscellaneous revenue	353,461	194,505	153,206	(41,299)	(21.2)
<b>Total revenue</b>	<b>11,127,086</b>	<b>11,923,944</b>	<b>12,425,958</b>	<b>502,014</b>	<b>4.2</b>
<b>Expenses</b>					
General government	1,633,825	1,779,514	2,258,600	479,086	26.9
Public safety	3,439,234	3,970,200	3,240,671	(729,529)	(18.4)
Public works	2,747,272	2,396,833	2,410,721	13,888	0.6
Senior housing	1,047,684	701,081	683,008	(18,073)	(2.6)
Recreation and culture	360,251	358,678	256,593	(102,085)	(28.5)
Interest on long-term debt	139,992	126,022	109,765	(16,257)	(12.9)
<b>Total expenses</b>	<b>9,368,258</b>	<b>9,332,328</b>	<b>8,959,358</b>	<b>(372,970)</b>	<b>(4.0)</b>
<b>Transfers</b>	<b>-</b>	<b>16,958</b>	<b>-</b>	<b>(16,958)</b>	<b>(100.0)</b>
<b>Change in Net Position</b>	<b>1,758,828</b>	<b>2,608,574</b>	<b>3,466,600</b>	<b>858,026</b>	<b>32.9</b>
<b>Net Position - Beginning of year</b>	<b>26,984,153</b>	<b>28,742,981</b>	<b>31,351,555</b>	<b>2,608,574</b>	<b>9.1</b>
<b>Net Position - End of year</b>	<b>\$ 28,742,981</b>	<b>\$ 31,351,555</b>	<b>\$ 34,818,155</b>	<b>\$ 3,466,600</b>	<b>11.1</b>

Business-type Activities					
	2019	2020	2021	Change	Percent Change
<b>Revenue</b>					
Program revenue - Charges for service	\$ 3,641,897	\$ 3,945,280	\$ 4,127,845	\$ 182,565	4.6
General revenue - Investment income	55,842	48,919	4,786	(44,133)	(90.2)
<b>Total revenue</b>	<b>3,697,739</b>	<b>3,994,199</b>	<b>4,132,631</b>	<b>138,432</b>	<b>3.5</b>
<b>Operating Expenses</b>	<b>3,409,550</b>	<b>4,319,516</b>	<b>3,773,264</b>	<b>(546,252)</b>	<b>(12.6)</b>
<b>Transfers</b>	<b>-</b>	<b>(16,958)</b>	<b>-</b>	<b>16,958</b>	<b>(100.0)</b>
<b>Change in Net Position</b>	<b>288,189</b>	<b>(342,275)</b>	<b>359,367</b>	<b>701,642</b>	<b>(205.0)</b>
<b>Net Position - Beginning of year</b>	<b>6,453,686</b>	<b>6,741,875</b>	<b>6,399,600</b>	<b>(342,275)</b>	<b>(5.1)</b>
<b>Net Position - End of year</b>	<b>\$ 6,741,875</b>	<b>\$ 6,399,600</b>	<b>\$ 6,758,967</b>	<b>\$ 359,367</b>	<b>5.6</b>



#### **Governmental Activities**

Governmental revenue increased by 4.2 percent from the prior year. The primary reason for the increase was the receipt of COVID-19 pandemic federal grant reimbursements. A total of \$268,000 was passed through from the State of Michigan, and \$71,000 was passed through from Oakland County. A federal grant of \$238,000 was received to purchase the rescue vehicle for the Fire Department. Investment income was down significantly due to the interest rate environment during the COVID-19 pandemic.

Total expenses decreased by 4 percent from the prior year. This is primarily due to a \$300,000 distribution taken from the OPEB trust to pay for current year benefits since the plan is overfunded.

#### **Business-type Activities**

Charges for services increased by 4.6 percent over the prior year. Charges for services include water and sewer revenue based upon consumption and the refuse and recycling revenue based upon a bimonthly rate. This was expected due to an increase in the water rate of 3 percent and the sewer rate of 5 percent, along with a 1 percent increase in consumption.

The decrease in investment income was due to the impact on interest rates during the COVID-19 pandemic.

Operating expenses decreased by 12.6 percent. The prior fiscal year expenditures were higher than usual due to the comprehensive water meter replacement program.

#### **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 2021, as defined by Governmental Accounting Standards Board Statement No. 34, are the following:

- General Fund
- Public Improvement Fund
- Local 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 39 percent of total General Fund expenditures, which is down from 43 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 \$600,000 from the General Fund was made into the pension plan. This partially helped bring the funded percentage up from 69 percent to 77 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 66 percent of General Fund revenue.

The General Fund was budgeted to decrease fund balance by approximately \$199,000. However, it decreased by only \$57,000 due to close monitoring of expenditures by departments.

#### **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 13 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. Bonds were issued in 2018 to finance street improvements. The following streets were improved or commenced during the fiscal year: Sherry Lane, Coldspring, W Cady, Summerside, Larry, Grace St, Grace Ct, Rogers, Potomac, Allen Dr, Stanstead, High, Maplewood, Fairbrook St, Fairbrook Ct, Wing Ct, Jeffrey, and Carrington.

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 2021, 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 \$3.6 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 the COVID-19 pandemic on the City continues to be monitored. Currently, interest rates are still near 0 percent. Next fiscal year, the City will receive 50 percent of its allocated American Rescue Plan Act (ARPA) funding of \$312,000. The final 50 percent is expected in the following fiscal year. The use of the funds has yet to be allocated by the City Council. The City has until December 2024 to allocate the funds and until December 2026 to spend the funds.

The net taxable value of the City increased by 4.1 percent for the next fiscal year. The City's operating millage was 13.1988 mills in fiscal year 2021. However, it was reduced to 13.0496 mills in fiscal year 2022 due to the City reaching its Headlee maximum. This will provide for an additional \$157,000 in general operating tax revenue. For fiscal year 2022, the City's millage for streets, drainage, and sidewalk improvements will decrease from 1.6442 mills to 1.6256 mills due to a Headlee rollback.

The City no longer has any unlevied millage available. Asking the voters for a Headlee override in the short term will be required 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 57 percent of the costs to the City of Northville, Michigan, down from 58 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 \$17.86 to \$18.23 per unit, or 2 percent, effective July 1, 2021.

The Housing Commission increased the rent at Allen Terrace, an independent senior citizen apartment community, by 1.35 percent, from \$740 to \$750, 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](http://www.ci.northville.mi.us).

## Statement of Net Position

June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 15,015,871	\$ 1,368,059	\$ 16,383,930	\$ 388,770
Receivables:				
Property taxes receivable	3,010	-	3,010	-
Special assessments receivable	237,167	-	237,167	-
Customer receivables	140	925,051	925,191	-
Accrued interest receivable	6,487	-	6,487	-
Other receivables	65,132	3,907	69,039	482
Due from other governmental units	267,614	-	267,614	-
Internal balances	959,742	(959,742)	-	-
Inventory	63,095	79,655	142,750	-
Prepaid expenses and other assets	210,633	9,214	219,847	9,975
Restricted assets (Note 8)	164,866	-	164,866	-
Investment in joint ventures (Note 12)	761,523	-	761,523	-
Land held for resale	225,000	-	225,000	-
Net OPEB asset (Note 10)	121,699	21,532	143,231	-
Capital assets: (Note 5)				
Assets not subject to depreciation	4,124,340	4,048	4,128,388	-
Assets subject to depreciation - Net	22,976,308	6,971,212	29,947,520	-
Total assets	45,202,627	8,422,936	53,625,563	399,227
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Note 9)	1,029,448	123,156	1,152,604	-
Deferred OPEB costs (Note 10)	130,893	23,160	154,053	-
Total deferred outflows of resources	1,160,341	146,316	1,306,657	-
<b>Liabilities</b>				
Accounts payable	686,220	1,042,766	1,728,986	30,954
Due to other governmental units	1,875	1,642	3,517	-
Refundable deposits, bonds, etc.	264,552	515	265,067	-
Accrued liabilities and other	772,867	14,008	786,875	50,261
Unearned revenue	22,858	-	22,858	-
Noncurrent liabilities:				
Due within one year (Note 7)	719,906	7,140	727,046	-
Due in more than one year:				
Compensated absences - Net of current portion (Note 7)	365,284	23,883	389,167	-
Net pension liability (Note 9)	4,402,679	526,712	4,929,391	-
Long-term debt (Note 7)	3,025,000	-	3,025,000	-
Total liabilities	10,261,241	1,616,666	11,877,907	81,215
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 9)	584,441	69,916	654,357	-
Deferred OPEB cost reductions (Note 10)	699,131	123,703	822,834	-
Total deferred inflows of resources	1,283,572	193,619	1,477,191	-
<b>Net Position</b>				
Net investment in capital assets	23,498,648	6,975,260	30,473,908	-
Restricted:				
Roads, streets, drainage, and sidewalk improvements	2,029,198	-	2,029,198	-
Police forfeitures	120,272	-	120,272	-
Debt service	2,095	-	2,095	-
Unrestricted	9,167,942	(216,293)	8,951,649	318,012
Total net position	\$ 34,818,155	\$ 6,758,967	\$ 41,577,122	\$ 318,012

## City of Northville, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,258,600	\$ 594,423	\$ 106,231	\$ -
Public safety	3,240,671	653,945	422,418	77,579
Public works	2,410,721	326,352	249,825	668,601
Senior housing	683,008	841,491	55,638	20,000
Recreation and culture	256,593	12,335	-	-
Interest on long-term debt	109,765	-	-	-
Total governmental activities	8,959,358	2,428,546	834,112	766,180
Business-type activities:				
Water and Sewer	3,189,070	3,495,644	-	-
Refuse and Recycling	584,194	632,201	-	-
Total business-type activities	3,773,264	4,127,845	-	-
Total primary government	<u>\$ 12,732,622</u>	<u>\$ 6,556,391</u>	<u>\$ 834,112</u>	<u>\$ 766,180</u>
Component units - Downtown Development Authority	<u>\$ 992,788</u>	<u>\$ 21,768</u>	<u>\$ 20,212</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue and grants				
Unrestricted investment income				
Racetrack breakage				
Gain on sale of capital assets				
Other miscellaneous revenue				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

## Statement of Activities

Year Ended June 30, 2021

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,557,946)	\$ -	\$ (1,557,946)	\$ -
(2,086,729)	-	(2,086,729)	-
(1,165,943)	-	(1,165,943)	-
234,121	-	234,121	-
(244,258)	-	(244,258)	-
(109,765)	-	(109,765)	-
(4,930,520)	-	(4,930,520)	-
-	306,574	306,574	-
-	48,007	48,007	-
-	354,581	354,581	-
(4,930,520)	354,581	(4,575,939)	-
-	-	-	(950,808)
6,639,014	-	6,639,014	824,170
1,313,510	-	1,313,510	-
92,832	4,786	97,618	3,002
189,558	-	189,558	-
9,000	-	9,000	-
153,206	-	153,206	177,745
8,397,120	4,786	8,401,906	1,004,917
3,466,600	359,367	3,825,967	54,109
31,351,555	6,399,600	37,751,155	263,903
<b>\$ 34,818,155</b>	<b>\$ 6,758,967</b>	<b>\$ 41,577,122</b>	<b>\$ 318,012</b>

# City of Northville, Michigan

## Governmental Funds Balance Sheet

June 30, 2021

	General Fund	Public Improvement Fund	Local Streets Fund	Parking Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 3,006,503	\$ 4,104,145	\$ 544,436	\$ 544,686	\$ 6,255,655	\$ 14,455,425
Receivables:						
Property taxes receivable	3,010	-	-	-	-	3,010
Special assessments receivable	-	-	-	237,167	-	237,167
Customer receivables	140	-	-	-	-	140
Accrued interest receivable	6,487	-	-	-	-	6,487
Other receivables	43,617	20,361	-	-	917	64,895
Due from other governmental units	155,077	-	31,460	-	81,077	267,614
Due from other funds (Note 6)	92,368	-	-	-	-	92,368
Advances to other funds (Note 6)	455,000	-	-	-	-	455,000
Inventory	30,012	-	-	7,503	-	37,515
Prepaid expenses and other assets	192,957	-	2,617	-	9,915	205,489
Land held for resale	-	225,000	-	-	-	225,000
<b>Total assets</b>	<b>\$ 3,985,171</b>	<b>\$ 4,349,506</b>	<b>\$ 578,513</b>	<b>\$ 789,356</b>	<b>\$ 6,347,564</b>	<b>\$ 16,050,110</b>
<b>Liabilities</b>						
Accounts payable	\$ 115,718	\$ 347	\$ 357,317	\$ 196,401	\$ 9,312	\$ 679,095
Due to other governmental units	1,875	-	-	-	-	1,875
Due to other funds	107,859	-	-	-	-	107,859
Refundable deposits, bonds, etc.	248,627	-	-	-	15,925	264,552
Accrued liabilities and other	457,181	-	4,853	182	8,878	471,094
Unearned revenue	9,694	-	-	-	13,164	22,858
<b>Total liabilities</b>	<b>940,954</b>	<b>347</b>	<b>362,170</b>	<b>196,583</b>	<b>47,279</b>	<b>1,547,333</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue (Note 4)	9,942	-	-	210,831	-	220,773
<b>Total liabilities and deferred inflows of resources</b>	<b>950,896</b>	<b>347</b>	<b>362,170</b>	<b>407,414</b>	<b>47,279</b>	<b>1,768,106</b>

# City of Northville, Michigan

## Governmental Funds Balance Sheet (Continued)

June 30, 2021

	General Fund	Public Improvement Fund	Local Streets Fund	Parking Fund	Nonmajor Funds	Total Governmental Funds
<b>Fund Balances</b>						
Nonspendable:						
Inventory/Assets held for resale	\$ 30,012	\$ 225,000	\$ -	\$ 7,503	\$ -	\$ 262,515
Prepays	192,957	-	2,617	-	9,915	205,489
Long-term advance to other fund	455,000	-	-	-	-	455,000
Restricted:						
Streets, drains, and sidewalk improvements	-	-	213,726	-	1,811,891	2,025,617
Police forfeitures	120,272	-	-	-	-	120,272
Debt service	-	-	-	-	2,095	2,095
Committed:						
Equipment and capital projects	-	3,938,497	-	-	2,961,486	6,899,983
Cemetery maintenance	-	185,662	-	-	1,180,293	1,365,955
Parking	-	-	-	374,439	-	374,439
Allen Terrace	-	-	-	-	329,271	329,271
Debt service	-	-	-	-	5,334	5,334
Assigned:						
Subsequent year's budget	200,000	-	-	-	-	200,000
Beautification commission	541	-	-	-	-	541
Sustainability revolving fund	11,261	-	-	-	-	11,261
Unassigned	2,024,232	-	-	-	-	2,024,232
Total fund balances	<u>3,034,275</u>	<u>4,349,159</u>	<u>216,343</u>	<u>381,942</u>	<u>6,300,285</u>	<u>14,282,004</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 3,985,171</u></u>	<u><u>\$ 4,349,506</u></u>	<u><u>\$ 578,513</u></u>	<u><u>\$ 789,356</u></u>	<u><u>\$ 6,347,564</u></u>	<u><u>\$ 16,050,110</u></u>



---

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

---

**June 30, 2021**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 14,282,004</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	26,519,694
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.	220,773
Investments in joint ventures are not financial resources and are not reported in the funds	761,523
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(3,602,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(25,877)
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	(497,976)
Net pension liability and deferred inflows and outflows	(3,957,672)
Retiree health care benefits and deferred inflows and outflows	(446,539)
Internal service funds are included as part of governmental activities	1,564,225
<b>Net Position of Governmental Activities</b>	<b><u>\$ 34,818,155</u></b>

# City of Northville, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	Public Improvement Fund	Local Streets Fund	Parking Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Property taxes	\$ 5,615,354	\$ -	\$ -	\$ -	\$ 1,023,660	\$ 6,639,014
Special assessments	-	-	-	50,505	-	50,505
State-shared revenue and grants:						
Federal grants	320,231	-	-	-	247,736	567,967
State-shared revenue and grants	702,173	3,488	208,270	-	456,814	1,370,745
Community Development Block Grant	-	-	-	-	20,000	20,000
Sales and services:						
Cemetery	127,157	90,983	-	-	-	218,140
Charges for overhead services	159,522	-	-	-	-	159,522
Sales and services	657,378	-	-	-	99,100	756,478
Fines and forfeitures	127,869	-	-	-	-	127,869
Licenses, fees, and permits	510,241	-	-	6,203	-	516,444
Interest and rentals:						
Investment income	35,359	15,047	1,387	3,022	27,794	82,609
Rental income	196,202	-	-	-	823,374	1,019,576
Other revenue:						
Local contribution	50,000	-	-	93,220	251,764	394,984
Other	31,355	-	-	-	22,307	53,662
Racetrack breakage	20,240	169,318	-	-	-	189,558
Michigan Housing Authority subsidies	-	-	-	-	52,662	52,662
<b>Total revenue</b>	<b>8,553,081</b>	<b>278,836</b>	<b>209,657</b>	<b>152,950</b>	<b>3,025,211</b>	<b>12,219,735</b>
<b>Expenditures</b>						
Current services:						
General government	2,096,200	14,158	-	-	-	2,110,358
Public safety:						
Police department	3,110,180	-	-	-	31,087	3,141,267
Fire department	1,027,854	-	-	-	261,306	1,289,160
Public works	808,652	18,087	2,878,146	351,783	715,703	4,772,371
Senior housing	-	-	-	-	632,261	632,261
Recreation and culture	236,220	-	-	-	52,088	288,308
Contribution to MERS trusts	600,000	-	-	-	-	600,000
Debt service	52,939	-	-	-	621,760	674,699
<b>Total expenditures</b>	<b>7,932,045</b>	<b>32,245</b>	<b>2,878,146</b>	<b>351,783</b>	<b>2,314,205</b>	<b>13,508,424</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>621,036</b>	<b>246,591</b>	<b>(2,668,489)</b>	<b>(198,833)</b>	<b>711,006</b>	<b>(1,288,689)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in (Note 6)	5,590	451,748	2,775,988	10,028	655,390	3,898,744
Transfers out (Note 6)	(683,290)	(211,868)	-	-	(3,149,864)	(4,045,022)
<b>Total other financing (uses) sources</b>	<b>(677,700)</b>	<b>239,880</b>	<b>2,775,988</b>	<b>10,028</b>	<b>(2,494,474)</b>	<b>(146,278)</b>
<b>Net Change in Fund Balances</b>	<b>(56,664)</b>	<b>486,471</b>	<b>107,499</b>	<b>(188,805)</b>	<b>(1,783,468)</b>	<b>(1,434,967)</b>
<b>Fund Balances - Beginning of year</b>	<b>3,090,939</b>	<b>3,862,688</b>	<b>108,844</b>	<b>570,747</b>	<b>8,083,753</b>	<b>15,716,971</b>
<b>Fund Balances - End of year</b>	<b>\$ 3,034,275</b>	<b>\$ 4,349,159</b>	<b>\$ 216,343</b>	<b>\$ 381,942</b>	<b>\$ 6,300,285</b>	<b>\$ 14,282,004</b>

See notes to financial statements.

**Governmental Funds**

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

**Year Ended June 30, 2021**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (1,434,967)</b>
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	3,595,434
Depreciation expense	(1,850,408)
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	196,359
Net income from joint ventures is not recorded in the governmental funds but is recorded in the statement of activities	45,179
Contribution of capital assets recognized in the statement of activities, but not in the governmental funds	158,031
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	2,497
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	561,000
Interest expense is recognized in the government-wide statements as it accrues	3,933
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	933,766
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	1,192,384
Internal service funds are included as part of governmental activities:	
Debt-related items in internal service funds	63,392
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 3,466,600</u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2021

	Enterprise Funds			Internal Service Funds
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 1,139,488	\$ 228,571	\$ 1,368,059	\$ 560,446
Receivables	836,252	92,706	928,958	237
Due from other funds	-	-	-	107,859
Inventory	79,655	-	79,655	25,580
Prepaid expenses and other assets	8,183	1,031	9,214	5,144
Total current assets	2,063,578	322,308	2,385,886	699,266
Noncurrent assets:				
Restricted assets (Note 8)	-	-	-	164,866
Net OPEB asset	19,494	2,038	21,532	-
Capital assets: (Note 5)				
Assets not subject to depreciation	4,048	-	4,048	-
Assets subject to depreciation - Net	6,954,946	16,266	6,971,212	580,954
Total noncurrent assets	6,978,488	18,304	6,996,792	745,820
Total assets	9,042,066	340,612	9,382,678	1,445,086
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Note 9)	114,114	9,042	123,156	-
Deferred OPEB costs (Note 10)	20,967	2,193	23,160	-
Total deferred outflows of resources	135,081	11,235	146,316	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	1,005,272	37,494	1,042,766	7,125
Due to other governmental units	1,642	-	1,642	-
Due to other funds (Note 6)	92,368	-	92,368	-
Refundable deposits, bonds, etc.	515	-	515	-
Accrued liabilities and other	13,577	431	14,008	275,896
Current portion of compensated absences (Note 7)	6,109	1,031	7,140	2,351
Total current liabilities	1,119,483	38,956	1,158,439	285,372
Noncurrent liabilities:				
Advances from other funds (Note 6)	455,000	-	455,000	-
Compensated absences - Net of current portion (Note 7)	20,435	3,448	23,883	7,863
Net pension liability	488,041	38,671	526,712	-
Total noncurrent liabilities	963,476	42,119	1,005,595	7,863
Total liabilities	2,082,959	81,075	2,164,034	293,235
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 9)	64,783	5,133	69,916	-
Deferred OPEB cost reductions (Note 10)	111,990	11,713	123,703	-
Total deferred inflows of resources	176,773	16,846	193,619	-

Proprietary Funds  
Statement of Net Position (Continued)

June 30, 2021

	Enterprise Funds			Internal Service Funds
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	
<b>Net Position</b>				
Net investment in capital assets	\$ 6,958,994	\$ 16,266	\$ 6,975,260	\$ 580,954
Unrestricted	(41,579)	237,660	196,081	570,897
Total net position	<u><b>\$ 6,917,415</b></u>	<u><b>\$ 253,926</b></u>	7,171,341	<u><b>\$ 1,151,851</b></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			(412,374)	
<b>Total Net Position</b>			<u><b>\$ 6,758,967</b></u>	

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2021

	Enterprise Funds			
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenue</b>				
Sales to customers	\$ 3,495,644	\$ 631,103	\$ 4,126,747	\$ -
Rental income	-	-	-	326,448
Reinsurance recoveries	-	-	-	1,513
Other revenue	-	1,098	1,098	108,984
Total operating revenue	3,495,644	632,201	4,127,845	436,945
<b>Operating Expenses</b>				
Other operating and maintenance costs	2,750,331	543,683	3,294,014	246,787
Claims	-	-	-	234,873
Operating transfers	-	-	-	4,596
Other expenses	91,529	36,524	128,053	-
Depreciation	314,655	3,987	318,642	71,447
Total operating expenses	3,156,515	584,194	3,740,709	557,703
<b>Operating Income (Loss)</b>	339,129	48,007	387,136	(120,758)
<b>Nonoperating Revenue (Expense)</b>				
Investment income	4,684	102	4,786	6,777
Interest expense	(10,460)	-	(10,460)	-
Gain on sale of assets	-	-	-	9,000
Total nonoperating (expense) revenue	(5,776)	102	(5,674)	15,777
<b>Transfers In</b>	-	-	-	146,278
<b>Change in Net Position</b>	333,353	48,109	381,462	41,297
<b>Net Position - Beginning of year</b>	6,584,062	205,817	6,789,879	1,110,554
<b>Net Position - End of year</b>	<u><u>\$ 6,917,415</u></u>	<u><u>\$ 253,926</u></u>	<u><u>\$ 7,171,341</u></u>	<u><u>\$ 1,151,851</u></u>
<b>Net Change in Net Position - Total enterprise funds</b>			\$ 381,462	
Amounts reported for business-type activities in the statement of activities are different because a portion of the internal service funds is included as business-type activities			(22,095)	
<b>Change in Net Position of Business-type Activities</b>			<u><u>\$ 359,367</u></u>	

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2021

	Enterprise Funds			Internal Service Funds
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 3,621,936	\$ 651,982	\$ 4,273,918	\$ 326,471
Receipts from interfund services and reimbursements	-	1,098	1,098	1,125
Payments to suppliers/Insurance claims	(2,476,678)	(540,424)	(3,017,102)	(153,309)
Payments to employees and fringes	(677,901)	(65,677)	(743,578)	(122,400)
Other receipts	-	-	-	1,287
Net cash and cash equivalents provided by operating activities	467,357	46,979	514,336	53,174
<b>Cash Flows from Noncapital Financing Activities -</b>				
Transfers from other funds	-	-	-	146,278
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from sale of capital assets	-	-	-	9,000
Purchase of capital assets	(1,551,275)	-	(1,551,275)	(408,823)
Principal and interest paid on capital debt	(98,050)	-	(98,050)	-
Net cash and cash equivalents used in capital and related financing activities	(1,649,325)	-	(1,649,325)	(399,823)
<b>Cash Flows Provided by Investing Activities -</b>				
Interest received on investments and net realized gains on investments	4,684	102	4,786	6,777
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(1,177,284)	47,081	(1,130,203)	(193,594)
<b>Cash and Cash Equivalents - Beginning of year</b>	2,316,772	181,490	2,498,262	918,906
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,139,488</b>	<b>\$ 228,571</b>	<b>\$ 1,368,059</b>	<b>\$ 725,312</b>
<b>Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 1,139,488	\$ 228,571	\$ 1,368,059	\$ 560,446
Restricted cash	-	-	-	164,866
<b>Total cash and cash equivalents</b>	<b>\$ 1,139,488</b>	<b>\$ 228,571</b>	<b>\$ 1,368,059</b>	<b>\$ 725,312</b>

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2021

	Enterprise Funds			Internal Service Funds
	Water and Sewer	Refuse and Recycling	Total Enterprise Funds	
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 339,129	\$ 48,007	\$ 387,136	\$ (120,758)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	314,655	3,987	318,642	71,447
Changes in assets and liabilities:				
Receivables	126,292	20,879	147,171	(203)
Due to and from other funds	-	-	-	(107,859)
Inventories	2,206	-	2,206	(669)
Prepaid and other assets	(640)	(183)	(823)	(21)
Accounts payable	(59,752)	(2,436)	(62,188)	212,435
Net pension or OPEB asset	(19,494)	(2,038)	(21,532)	-
Net pension or OPEB liability	(289,730)	(25,471)	(315,201)	-
Deferrals related to pension or OPEB	53,021	4,376	57,397	-
Accrued and other liabilities	1,670	(142)	1,528	(1,198)
Total adjustments	128,228	(1,028)	127,200	173,932
Net cash and cash equivalents provided by operating activities	<u>\$ 467,357</u>	<u>\$ 46,979</u>	<u>\$ 514,336</u>	<u>\$ 53,174</u>



Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2021

	Other Employee Benefit Trust Funds (As of 12/31/2020)	Private Purpose Trust - Allen Terrace Trust Fund	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 146,620	\$ 12,326	\$ 158,946
Investments	13,160,672	-	-	13,160,672
Total assets	13,160,672	146,620	12,326	13,319,618
<b>Liabilities</b>				
Accounts payable	-	14	-	14
Accrued liabilities and other	-	-	12,326	12,326
Total liabilities	-	14	12,326	12,340
<b>Net Position</b>				
Restricted:				
Postemployment benefits other than pension	\$ 13,160,672	\$ -	\$ -	\$ 13,160,672
Individuals, organizations, and other governments	-	146,606	-	146,606
Total net position	<u>\$ 13,160,672</u>	<u>\$ 146,606</u>	<u>\$ -</u>	<u>\$ 13,307,278</u>

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	Other Employee Benefit Trust Funds (Year Ended 12/31/2020)	Private Purpose Trust - Allen Terrace Trust Fund	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
<b>Additions</b>				
Investment income - Interest and dividends	\$ 1,541,065	\$ 618	\$ -	\$ 1,541,683
Contributions - Employer	100,000	-	-	100,000
Property tax collections on behalf of other governments	-	-	12,695,096	12,695,096
Total additions	1,641,065	618	12,695,096	14,336,779
<b>Deductions</b>				
Benefit payments	50,526	-	-	50,526
Rent assistance	-	917	-	917
Disbursements to Northville Public Schools	-	-	3,683,613	3,683,613
Disbursements to Library	-	-	436,643	436,643
Disbursements to Wayne County	-	-	5,255,654	5,255,654
Disbursements to Oakland County	-	-	3,319,186	3,319,186
Administrative expenses	20,793	-	-	20,793
Total deductions	71,319	917	12,695,096	12,767,332
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	1,569,746	(299)	-	1,569,447
<b>Net Position - Beginning of year - As restated (Note 1)</b>	11,590,926	146,905	-	11,737,831
<b>Net Position - End of year</b>	<b>\$ 13,160,672</b>	<b>\$ 146,606</b>	<b>\$ -</b>	<b>\$ 13,307,278</b>

**June 30, 2021****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 unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is 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.

**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.

***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.

June 30, 2021

## Note 1 - Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program 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.
- The Local Streets Fund is a special revenue fund that accounts for the resources of state gas and weight tax revenue that is restricted for use on local streets.
- The Parking Fund is a special revenue fund that accounts for the resources for the maintenance, development, and improvement of the City's parking system.

#### **Proprietary Funds**

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

June 30, 2021

## Note 1 - Significant Accounting Policies (Continued)

### 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, which 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, which 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, 2020.
- The Parks and Recreation Retiree Health Care Trust Fund, which 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, 2020.

### 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.

### 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.

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

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.

**Restricted Assets**

Restricted assets represent funds held with the Michigan Municipal Risk Management Authority for insurance claims. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to first apply restricted resources.

**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.

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

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

**June 30, 2021****Note 1 - Significant Accounting Policies (Continued)****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 a future period and so 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, and the other postemployment benefits plan. 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.

**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.



June 30, 2021

## Note 1 - Significant Accounting Policies (Continued)

### 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 government 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 government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government 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 Council has, by resolution, authorized the city manager and finance director to assign fund balance. The City Council may also assign fund balance as it does 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.

### 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 2020 taxable valuation of the City totaled \$406 million (net of captured taxable value of \$27 million), on which taxes levied consisted of 13.1988 mills for the City's operating purposes, 1.6442 mills for street improvements, and 0.8698 mills for debt service. The ad valorem taxes levied raised approximately \$5.3 million for operations; \$666,000 for street, drainage, and sidewalk improvements; and \$352,000 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, which were previously recognized in the General Fund, are recognized in the Street Drainage and Sidewalk Improvement Fund.



June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

The delinquent real property taxes of the City are purchased by Wayne County, Michigan and Oakland County, Michigan. The counties sell tax notes, the proceeds of which are used to pay the City for these property taxes. Both the Wayne County, Michigan and Oakland County, Michigan shares of delinquent real property taxes have been recorded as revenue in the current year.

**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 an OPEB liability (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 liability (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 (including refunds of employee contributions) 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.

**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.

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)****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.

**Adoption of New Accounting Pronouncement**

During the current year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the Retiree Health Care Trust Fund and Parks and Recreation Retiree Health Care Trust Fund, which were not previously reported in the financial statements now meet the definition of a fiduciary activity and are reported as such. The funds previously reported as agency funds are now reported as custodial funds.

As a result of the new standard, the beginning fiduciary net position was adjusted to report the net position of the new fiduciary funds.

The effect of this new standard on net position/fund balance was as follows:

	Fiduciary		
	Retiree Health Care Trust Fund	Parks and Recreation Retiree Health Care Trust Fund	Total
Net position/fund balance - June 30, 2020 - As previously reported	\$ -	\$ -	\$ -
Adjustment for GASB Statement No. 84 - To change fund type	10,658,769	932,157	11,590,926
Net position/fund balance - June 30, 2020 - As restated	<u>\$ 10,658,769</u>	<u>\$ 932,157</u>	<u>\$ 11,590,926</u>

**Upcoming Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2022.

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the City's financial statements for the June 30, 2022 fiscal year.

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 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 January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2020		\$	(437,559)
Current year permit revenue			317,522
Related expenses:			
Direct costs	\$	124,776	
Estimated indirect costs		100,320	225,096
			<u>92,426</u>
Current year surplus			
Cumulative shortfall at June 30, 2021		\$	<u>(345,133)</u>

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated four 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.

June 30, 2021

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

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 \$745,810 of bank deposits (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)
<b>Primary Government</b>		
U.S. Treasury securities	\$ 298,805	989
Federal agency bonds	3,250,977	1020
Federal agency mortgage-backed securities	2,354	93
Federal agency collateralized mortgage obligations	37,754	519
Municipal bonds	7,097,774	686
Total	<u>\$ 10,687,664</u>	

***Credit Risk***

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

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Money market fund	\$ 1,097,253	AAAm	S&P
Pooled funds	3,834,171	AAAm	S&P
U.S. Treasury securities	298,805	AA+	S&P
Federal agency bonds	3,250,977	AA+	S&P
Federal agency mortgage-backed securities	2,354	AA+	S&P
Federal agency collateralized mortgage obligations	37,754	AA+	S&P
Municipal bonds	5,039,279	AA- to AAA	S&P
Municipal bonds	2,058,495	Aa1 to Aa3	Moody's
Total	<u>\$ 15,619,088</u>		

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

***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, 2021, more than 5 percent of the City's investments are in the following federal agency securities:

Federal Farm Credit Bank	6 %
Freddie Mac	6

***Component Units***

The cash and investments of the Downtown Development Authority are pooled with the City's cash and investments and included in the amounts above. At June 30, 2021, the carrying amount of the cash and investments for the DDA was \$388,770.

***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, 2021

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

The City has the following recurring fair value measurements as of June 30, 2021:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Debt securities:				
U.S. Treasury securities	\$ -	\$ 298,805	\$ -	\$ 298,805
Federal agency bonds	-	3,250,977	-	3,250,977
Federal agency mortgage- backed securities	-	2,354	-	2,354
Federal agency collateralized mortgage obligations	-	37,754	-	37,754
Municipal bonds	-	7,097,774	-	7,097,774
Total debt securities	-	10,687,664	-	10,687,664
Equity securities - Money market fund	1,097,253	-	-	1,097,253
Total	<u>\$ 1,097,253</u>	<u>\$ 10,687,664</u>	<u>\$ -</u>	11,784,917
Investments measured at NAV - Michigan CLASS Investment Pool				<u>3,834,171</u>
Total assets				<u>\$ 15,619,088</u>

The fair value of equity securities at June 30, 2021 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, 2021 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, 2021, there were no unfunded commitments or redemption restrictions on these investments.

June 30, 2021

**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 \$210,831 in unavailable revenue related to special assessments and \$9,942 in unavailable revenue related to other receivables.

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 9 and 10 below.

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 3,611,236	\$ -	\$ -	\$ -	\$ 3,611,236
Construction in progress	1,489,634	(1,693,626)	597,124	-	393,132
Other nondepreciable assets	119,972	-	-	-	119,972
Subtotal	5,220,842	(1,693,626)	597,124	-	4,124,340
Capital assets being depreciated:					
Roads, sidewalks, and bridges	31,914,854	1,477,314	2,511,040	-	35,903,208
Parking system	5,956,735	216,312	226,330	-	6,399,377
Buildings and improvements	11,494,539	-	-	-	11,494,539
Machinery and equipment	2,099,151	-	8,792	158,031	2,265,974
Vehicles	3,418,737	-	660,970	(212,205)	3,867,502
Streetscape	5,324,127	-	-	-	5,324,127
Subtotal	60,208,143	1,693,626	3,407,132	(54,174)	65,254,727
Accumulated depreciation:					
Roads, sidewalks, and bridges	23,007,678	-	941,428	-	23,949,106
Parking system	2,952,649	-	173,847	-	3,126,496
Buildings and improvements	8,218,108	-	264,268	-	8,482,376
Machinery and equipment	1,661,397	-	109,583	-	1,770,980
Vehicles	2,016,359	-	174,435	(212,205)	1,978,589
Streetscape	2,712,578	-	258,294	-	2,970,872
Subtotal	40,568,769	-	1,921,855	(212,205)	42,278,419
Net capital assets being depreciated	19,639,374	1,693,626	1,485,277	158,031	22,976,308
Net governmental activities capital assets	\$ 24,860,216	\$ -	\$ 2,082,401	\$ 158,031	\$ 27,100,648

June 30, 2021

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

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated - Construction in progress	\$ 951,482	\$ (1,186,017)	\$ 238,583	\$ -	\$ 4,048
Capital assets being depreciated:					
Water and sewer lines	12,088,855	1,186,017	1,312,692	-	14,587,564
Buildings and improvements	21,535	-	-	-	21,535
Refuse and recycling system	59,798	-	-	-	59,798
Subtotal	12,170,188	1,186,017	1,312,692	-	14,668,897
Accumulated depreciation:					
Water and sewer lines	7,317,962	-	314,655	-	7,632,617
Buildings and improvements	21,535	-	-	-	21,535
Refuse and recycling system	39,546	-	3,987	-	43,533
Subtotal	7,379,043	-	318,642	-	7,697,685
Net capital assets being depreciated	4,791,145	1,186,017	994,050	-	6,971,212
Net business-type activities capital assets	<u>\$ 5,742,627</u>	<u>\$ -</u>	<u>\$ 1,232,633</u>	<u>\$ -</u>	<u>\$ 6,975,260</u>

The City's component unit had one capital asset purchase during 2021 in the amount of \$158,031, which was transferred to the City and is recorded within governmental activities. This transfer was included in the adjustments column of the governmental activities table above.

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

Governmental activities:	
General government	\$ 86,204
Public safety	182,929
Public works	1,374,608
Senior housing	177,621
Recreation and culture	29,046
Internal Service Fund depreciation is charged to the various functions based on their usage of the asset	<u>71,447</u>
Total governmental activities	<u>\$ 1,921,855</u>
Business-type activities:	
Water and Sewer	\$ 314,655
Refuse and Recycling	<u>3,987</u>
Total business-type activities	<u>\$ 318,642</u>



June 30, 2021

**Note 5 - Capital Assets (Continued)****Construction Commitments**

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

	Spent to Date	Remaining Commitment
2021 Local street improvements	\$ 383,641	\$ 594,312

**Note 6 - Interfund Receivables, Payables, and Transfers**

The City has a due to and due from in the amount of \$107,859 recorded in the General Fund and Insurance Retention Fund, respectively, to cover claims incurred as of June 30, 2021. 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 \$92,368 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
2022	\$ 84,500	\$ 13,488
2023	86,500	11,375
2024	89,000	9,213
2025	91,000	6,988
2026	93,000	4,713
Thereafter	95,500	2,388
Total	\$ 539,500	\$ 48,165

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)	\$ 451,748
	Parking Fund (1)	10,028
	Other nonmajor governmental funds (1)(2)	221,514
	Total General Fund	683,290
Public Improvement Fund	General Fund (2)	5,590
	Other internal service funds (2)	146,278
	Other nonmajor governmental funds (2)	60,000
	Total Public Improvement Fund	211,868
Other nonmajor governmental funds	Local Streets Fund (1)(2)	2,775,988
	Other nonmajor governmental funds (2)	373,876
	Total other nonmajor governmental funds	3,149,864
	Total	\$ 4,045,022

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

June 30, 2021

**Note 6 - Interfund Receivables, Payables, and Transfers (Continued)**

(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.

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2021 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%	\$ 275,000	\$ -	\$ (90,000)	\$ 185,000	\$ 90,000
Streetscape improvement bonds (refunding) - Maturing through 2025	3.10%	785,000	-	(150,000)	635,000	155,000
Street improvement bonds - Maturing through 2029	2.90%	2,810,000	-	(275,000)	2,535,000	285,000
Installment purchase agreement - Maturing through 2026	2.57%	293,000	-	(46,000)	247,000	47,000
Total bonds and contracts payable		4,163,000	-	(561,000)	3,602,000	577,000
Accumulated compensated absences		510,500	389,858	(392,168)	508,190	142,906
Total governmental activities long-term debt		<u>\$ 4,673,500</u>	<u>\$ 389,858</u>	<u>\$ (953,168)</u>	<u>\$ 4,110,190</u>	<u>\$ 719,906</u>

**Business-type Activities**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type activities - Accumulated compensated absences		\$ 30,454	\$ 30,878	\$ (30,309)	\$ 31,023	\$ 7,140

June 30, 2021

**Note 7 - Long-term Debt (Continued)*****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
2022	\$ 577,000	\$ 97,806	\$ 674,806
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
2027-2029	1,030,000	45,530	1,075,530
Total	<u>\$ 3,602,000</u>	<u>\$ 376,572</u>	<u>\$ 3,978,572</u>

***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. At June 30, 2021, \$630,000 of bonds outstanding is considered defeased.

**Note 8 - Restricted Assets**

At June 30, 2021, restricted assets are composed of the following:

	Governmental Activities
Funds held for insurance claims	\$ 164,866

**Note 9 - Pension Plans*****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](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

The City of Northville, Michigan also contributes to 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, 2021

**Note 9 - Pension Plans (Continued)*****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.

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 plan's future contributions.

***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, 2020
Inactive plan members or beneficiaries currently receiving benefits	65
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	3
Total employees covered by the plan	76

***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.

The City's total payroll during the current year was \$3,692,333. For the City of Northville Defined Contribution Plan, the current year contribution (including the DDA) was calculated based on covered payroll of \$2,374,806, resulting in an employer contribution of \$302,538.

June 30, 2021

**Note 9 - Pension Plans (Continued)*****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, 2021 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, 2020 measurement date. The December 31, 2020 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
<b>Balance at December 31, 2019</b>	\$ 21,055,404	\$ 14,585,896	\$ 6,469,508
Changes for the year:			
Service cost	31,315	-	31,315
Interest	1,531,345	-	1,531,345
Differences between expected and actual experience	361,627	-	361,627
Changes in assumptions	499,596	-	499,596
Contributions - Employer	-	1,900,497	(1,900,497)
Contributions - Employee	-	9,324	(9,324)
Net investment income	-	2,083,138	(2,083,138)
Benefit payments, including refunds	(1,843,612)	(1,843,612)	-
Administrative expenses	-	(29,397)	29,397
Net changes	580,271	2,119,950	(1,539,679)
<b>Balance at December 31, 2020</b>	<u>\$ 21,635,675</u>	<u>\$ 16,705,846</u>	<u>\$ 4,929,829</u>

The plan's fiduciary net position represents 77.2 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, 2021, the City and the Parks and Recreation Commission reported a liability of \$4,929,391 and \$438, respectively, 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, 2021, the City recognized pension expense of \$1,077,247.

At June 30, 2021, 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	\$ -	\$ (654,357)
Employer contributions to the plan subsequent to the measurement date	1,152,604	-
Total	<u>\$ 1,152,604</u>	<u>\$ (654,357)</u>

June 30, 2021

**Note 9 - Pension Plans (Continued)**

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
2022	\$ (136,847)
2023	(22,654)
2024	(312,666)
2025	(182,190)

**Actuarial Assumptions**

The total pension liability in the December 31, 2020 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 7.6 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 7.6 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.

**Investment Rate of Return**

Best estimates of arithmetic real rates of return as of the December 31, 2020 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 %	5.25 %
Global fixed income	20.00	1.25
Private investments	20.00	7.25

June 30, 2021

**Note 9 - Pension Plans (Continued)*****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 7.6 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 (6.6 percent) or 1 percentage point higher (8.6 percent) than the current rate:

	1 Percentage Point Decrease (6.6%)	Current Discount Rate (7.6%)	1 Percentage Point Increase (8.6%)
Net pension liability of the plan	\$ 7,011,336	\$ 4,929,829	\$ 3,162,872

***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***

The morality 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.

**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.

June 30, 2021

**Note 10 - Other Postemployment Benefit Plan (Continued)*****Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	Retiree Health Care Plan	Parks and Recreation Retiree Health Care Plan
Date of member count	December 31, 2020	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	75	12
Active plan members	13	-
Total plan members	88	12

***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, 2021, the City made payments for postemployment health benefit premiums of \$372,631. Employees are not required to contribute to the plan. For the Recreation Commission's fiscal year ended December 31, 2020, 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 NOL	December 31, 2020	December 31, 2020
Based on a comprehensive actuarial valuation as of	December 31, 2020	December 31, 2019



June 30, 2021

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

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

**Retiree Health Care Plan**

Changes in Net OPEB Liability (Asset)	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
<b>Balance at January 1, 2020</b>	\$ 11,919,083	\$ 10,658,769	\$ 1,260,314
Changes for the year:			
Service cost	96,431	-	96,431
Interest	814,356	-	814,356
Differences between expected and actual experience	199,217	-	199,217
Changes in assumptions	(340,902)	-	(340,902)
Contributions - Employer	-	767,285	(767,285)
Net investment income	-	1,424,531	(1,424,531)
Benefit payments, including refunds	(667,285)	(667,285)	-
Administrative expenses	-	(19,169)	19,169
Net changes	101,817	1,505,362	(1,403,545)
<b>Balance at December 31, 2020</b>	<u>\$ 12,020,900</u>	<u>\$ 12,164,131</u>	<u>\$ (143,231)</u>

The plan's fiduciary net position represents 101.2 percent of the total OPEB liability.

**Parks and Recreation Retiree Health Care Plan**

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
<b>Balance at January 1, 2020</b>	\$ 743,279	\$ 932,157	\$ (188,878)
Changes for the year:			
Interest	50,262	-	50,262
Differences between expected and actual experience	53,745	-	53,745
Changes in assumptions	(21,782)	-	(21,782)
Net investment income	-	116,534	(116,534)
Benefit payments, including refunds	(50,526)	(50,526)	-
Administrative expenses	-	(1,624)	1,624
Net changes	31,699	64,384	(32,685)
<b>Balance at December 31, 2020</b>	<u>\$ 774,978</u>	<u>\$ 996,541</u>	<u>\$ (221,563)</u>

The plan's fiduciary net position represents 128.6 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, 2021, the City recognized OPEB income of \$662,209 related to the Retiree Health Care Plan. For the year ended December 31, 2020, the Recreation Commission recognized OPEB expense of \$16,648.

June 30, 2021

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

At June 30, 2021, 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	\$ 115,512	\$ -
Changes in assumptions	-	(197,666)
Net difference between projected and actual earnings on OPEB plan investments	-	(625,168)
Employer contributions to the plan subsequent to the measurement date	38,541	-
Total	<u>\$ 154,053</u>	<u>\$ (822,834)</u>

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

Years Ending June 30	Amount
2022	\$ (230,788)
2023	(83,765)
2024	(257,651)
2025	(135,118)

**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 8.25 percent	4.50 to 8.25 percent
Mortality rates	Pub-2010 Mortality Tables	Pub-2010 Mortality Tables

June 30, 2021

**Note 10 - Other Postemployment Benefit Plan (Continued)****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 TOL	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 liability (asset) of the Retiree Health Care Plan	\$ 1,461,549	\$ (143,231)	\$ (1,456,510)
Net OPEB asset of the Parks and Recreation Retiree Health Care Plan	(120,222)	(221,563)	(305,043)

**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 8.25 percent (decreasing to 4.5 percent), as well as what the City's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.25%, Decreasing to 3.5%)	Current Health Care Cost Trend Rate (8.25%, Decreasing to 4.5%)	1 Percentage Point Increase (9.25%, Decreasing to 5.5%)
Net OPEB asset of the Retiree Health Care Plan	\$ (1,467,509)	\$ (143,231)	\$ 1,471,279
Net OPEB asset of the Parks and Recreation Retiree Health Care Plan	(303,802)	(221,563)	(123,418)

**Assumption Changes**

For both plans, the mortality tables used were updated from the RP-2014 mortality tables to the Pub-2010 mortality tables, and the health care cost trend rates changed from 4.50 to 8.50 percent to 4.50 to 8.25 percent.

June 30, 2021

**Note 10 - Other Postemployment Benefit Plan (Continued)*****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, 2020 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 %	4.87 %
Global fixed income	20.00	1.16
Private assets	20.00	6.73

**Parks and Recreation Retiree Health Care Plan**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.65 %
Global fixed income	20.00	0.75
Private assets	20.00	1.95

***Annual Money-weighted Rate of Return***

For the year ended December 31, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 13.37 percent for the Retiree Health Care Plan. For the year ended December 31, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was 12.82 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.

June 30, 2021

**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, 2020:

	Retiree Health Care Trust Fund	Parks and Recreation Retiree Health Care Trust Fund	Total
<b>Statement of Net Position</b>			
Investments	\$ 12,164,131	\$ 996,541	\$ 13,160,672
<b>Statement of Changes in Net Position</b>			
Investment income	\$ 1,424,531	\$ 116,534	\$ 1,541,065
Contributions	100,000	-	100,000
Benefit payments	-	(50,526)	(50,526)
Other deductions	(19,169)	(1,624)	(20,793)
Net change in net position	\$ 1,505,362	\$ 64,384	\$ 1,569,746

**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, 2021, the investment in the Recreation Commission was \$728,148. 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.

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, 2021, the investment in the Commission was \$33,375. 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 2021, the City paid \$916,912 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.

June 30, 2021

### **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. During the year ended June 30, 2021, there were no significant uninsured claims paid by the City and no significant outstanding balances at year end.

### **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 \$5,541 to the property owners.

---

## Required Supplemental Information

---

Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,607,787	\$ 5,615,220	\$ 5,615,354	\$ 134
State-shared revenue and grants	639,228	1,004,609	1,022,404	17,795
Sales and services:				
Cemetery	87,500	130,380	127,157	(3,223)
Charges for overhead services	199,210	159,522	159,522	-
Sales and services	768,437	697,184	657,378	(39,806)
Fines and forfeitures	15,700	14,605	127,869	113,264
Licenses, fees, and permits	426,855	498,395	510,241	11,846
Interest and rentals:				
Investment income	107,650	39,343	35,359	(3,984)
Rental income	196,224	196,202	196,202	-
Other revenue:				
Local contribution	50,000	50,000	50,000	-
Other	16,500	33,185	31,355	(1,830)
Racetrack breakage	12,865	20,486	20,240	(246)
Distribution from OPEB trust	-	300,000	-	(300,000)
Total revenue	8,127,956	8,759,131	8,553,081	(206,050)
<b>Expenditures</b>				
Current services:				
General government:				
City council	16,235	45,785	45,825	(40)
City manager and communications	440,275	446,695	434,603	12,092
Finance and administrative services	331,510	349,140	325,776	23,364
Technology costs	95,100	79,430	74,441	4,989
Tax and assessing	218,410	211,205	203,636	7,569
City clerk	121,260	118,730	108,534	10,196
City attorney	177,000	189,000	188,607	393
Clerk - Elections	96,210	106,581	102,842	3,739
Insurance	29,350	28,021	135,880	(107,859)
Planning, zoning, and inspection	425,250	460,007	441,810	18,197
Central supply	23,705	35,600	34,246	1,354
Public safety:				
Police department	3,223,230	3,375,157	3,110,180	264,977
Fire department	1,118,440	1,085,228	1,027,854	57,374
Public works:				
Civic events	47,795	23,140	20,881	2,259
Administration	297,445	299,725	274,849	24,876
Street lighting and miscellaneous public works	164,820	166,770	166,918	(148)
Beautification	3,835	3,765	2,050	1,715
Cemetery	129,630	130,380	127,155	3,225
Buildings and grounds	222,055	225,655	216,799	8,856
Recreation and culture	236,221	236,220	236,220	-
Contribution to MERS trusts	300,000	600,000	600,000	-
Debt service	52,939	52,939	52,939	-
Total expenditures	7,770,715	8,269,173	7,932,045	337,128
<b>Excess of Revenue Over Expenditures</b>	357,241	489,958	621,036	131,078



Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund (Continued)

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 5,590	\$ 5,590	\$ -
Transfers out	(392,381)	(694,287)	(683,290)	10,997
Total other financing uses	(392,381)	(688,697)	(677,700)	10,997
<b>Net Change in Fund Balance</b>	(35,140)	(198,739)	(56,664)	142,075
<b>Fund Balance - Beginning of year</b>	3,090,939	3,090,939	3,090,939	-
<b>Fund Balance - End of year</b>	<u><u>\$ 3,055,799</u></u>	<u><u>\$ 2,892,200</u></u>	<u><u>\$ 3,034,275</u></u>	<u><u>\$ 142,075</u></u>

**City of Northville, Michigan****Required Supplemental Information  
Budgetary Comparison Schedule - Major Special Revenue Funds  
Local Streets Fund****Year Ended June 30, 2021**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 215,186	\$ 193,138	\$ 208,270	\$ 15,132
Interest and rentals	180	675	1,387	712
Total revenue	215,366	193,813	209,657	15,844
<b>Expenditures</b> - Current services - Public works	3,740,279	3,898,334	2,878,146	1,020,188
<b>Excess of Expenditures Over Revenue</b>	(3,524,913)	(3,704,521)	(2,668,489)	1,036,032
<b>Other Financing Sources</b> - Transfers in	3,524,913	3,774,304	2,775,988	(998,316)
<b>Net Change in Fund Balance</b>	-	69,783	107,499	37,716
<b>Fund Balance</b> - Beginning of year	108,844	108,844	108,844	-
<b>Fund Balance</b> - End of year	<u>\$ 108,844</u>	<u>\$ 178,627</u>	<u>\$ 216,343</u>	<u>\$ 37,716</u>

# City of Northville, Michigan

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

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Special assessments	\$ 13,272	\$ 35,308	\$ 50,505	\$ 15,197
Licenses, fees, and permits	5,300	5,900	6,203	303
Interest and rentals	11,830	3,520	3,022	(498)
Other revenue	118,220	93,220	93,220	-
Total revenue	148,622	137,948	152,950	15,002
<b>Expenditures</b> - Current services - Public works	258,418	178,854	351,783	(172,929)
<b>Excess of Expenditures Over Revenue</b>	(109,796)	(40,906)	(198,833)	(157,927)
<b>Other Financing Sources</b> - Transfers in	18,995	21,025	10,028	(10,997)
<b>Net Change in Fund Balance</b>	(90,801)	(19,881)	(188,805)	(168,924)
<b>Fund Balance</b> - Beginning of year	570,747	570,747	570,747	-
<b>Fund Balance</b> - End of year	<u><u>\$ 479,946</u></u>	<u><u>\$ 550,866</u></u>	<u><u>\$ 381,942</u></u>	<u><u>\$ (168,924)</u></u>

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

	Last Seven Fiscal Years						
	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)
<b>Total Pension Liability</b>							
Service cost	\$ 31,315	\$ 56,958	\$ 56,977	\$ 98,211	\$ 90,532	\$ 105,071	\$ 108,463
Interest	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	361,627	(218,863)	377,102	370,870	(287,626)	(45,461)	-
Changes in assumptions	499,596	668,816	-	-	-	881,953	-
Benefit payments, including refunds	(1,843,612)	(1,773,898)	(1,630,416)	(1,546,397)	(1,491,621)	(1,540,297)	(1,430,069)
<b>Net Change in Total Pension Liability</b>	<b>580,271</b>	<b>322,932</b>	<b>369,744</b>	<b>457,199</b>	<b>(141,033)</b>	<b>920,004</b>	<b>186,438</b>
<b>Total Pension Liability - Beginning of year</b>	<b>21,055,404</b>	<b>20,732,472</b>	<b>20,362,728</b>	<b>19,905,529</b>	<b>20,046,562</b>	<b>19,126,558</b>	<b>18,940,120</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 21,635,675</b>	<b>\$ 21,055,404</b>	<b>\$ 20,732,472</b>	<b>\$ 20,362,728</b>	<b>\$ 19,905,529</b>	<b>\$ 20,046,562</b>	<b>\$ 19,126,558</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 1,900,497	\$ 1,975,822	\$ 1,944,846	\$ 1,441,908	\$ 1,319,184	\$ 1,307,640	\$ 1,099,108
Contributions - Member	9,324	10,532	12,996	12,583	11,156	11,969	11,676
Net investment income (loss)	2,083,138	1,732,088	(514,514)	1,517,589	1,191,540	(167,140)	661,980
Administrative expenses	(29,397)	(29,811)	(25,025)	(23,990)	(23,515)	(23,783)	(24,342)
Benefit payments, including refunds	(1,843,612)	(1,773,898)	(1,630,416)	(1,546,397)	(1,491,621)	(1,540,297)	(1,430,069)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>2,119,950</b>	<b>1,914,733</b>	<b>(212,113)</b>	<b>1,401,693</b>	<b>1,006,744</b>	<b>(411,611)</b>	<b>318,353</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>14,585,896</b>	<b>12,671,163</b>	<b>12,883,276</b>	<b>11,481,583</b>	<b>10,474,839</b>	<b>10,886,450</b>	<b>10,568,097</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 16,705,846</b>	<b>\$ 14,585,896</b>	<b>\$ 12,671,163</b>	<b>\$ 12,883,276</b>	<b>\$ 11,481,583</b>	<b>\$ 10,474,839</b>	<b>\$ 10,886,450</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 4,929,829</b>	<b>\$ 6,469,508</b>	<b>\$ 8,061,309</b>	<b>\$ 7,479,452</b>	<b>\$ 8,423,946</b>	<b>\$ 9,571,723</b>	<b>\$ 8,240,108</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>77.21 %</b>	<b>69.27 %</b>	<b>61.12 %</b>	<b>63.27 %</b>	<b>57.68 %</b>	<b>52.25 %</b>	<b>56.92 %</b>
<b>Covered Payroll</b>	<b>\$ 250,071</b>	<b>\$ 446,148</b>	<b>\$ 451,293</b>	<b>\$ 731,856</b>	<b>\$ 706,615</b>	<b>\$ 825,019</b>	<b>\$ 855,589</b>
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>1,971.37 %</b>	<b>1,450.08 %</b>	<b>1,786.27 %</b>	<b>1,021.98 %</b>	<b>1,192.15 %</b>	<b>1,160.18 %</b>	<b>963.09 %</b>

See notes to required supplemental information.

Required Supplemental Information  
Schedule of Pension Contributions

	Last Ten Fiscal Years									
	Years Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,197,792	\$ 1,075,608	\$ 986,107	\$ 1,052,112	\$ 901,164	\$ 851,664	\$ 842,856	\$ 760,020	\$ 717,456	\$ 663,972
Contributions in relation to the actuarially determined contribution	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	663,972
<b>Contribution Excess</b>	<b>\$ 702,705</b>	<b>\$ 900,214</b>	<b>\$ 958,739</b>	<b>\$ 389,796</b>	<b>\$ 418,020</b>	<b>\$ 455,976</b>	<b>\$ 256,252</b>	<b>\$ 282,309</b>	<b>\$ -</b>	<b>\$ -</b>

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	18 years
Asset valuation method	5-year smoothed
Inflation	2.50 percent
Salary increase	3.75 percent
Investment rate of return	8.00 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 Four Fiscal Years			
	2021 (12/31/20 Measurement Date)	2020 (12/31/19 Measurement Date)	2019 (12/31/18 Measurement Date)	2018 (12/31/17 Measurement Date)
<b>Total OPEB Liability</b>				
Service cost	\$ 96,431	\$ 94,079	\$ 129,148	\$ 130,093
Interest	814,356	796,328	854,849	831,247
Differences between expected and actual experience	199,217	-	(1,087,439)	-
Changes in assumptions	(340,902)	-	(1,037,180)	-
Benefit payments, including refunds	(667,285)	(600,797)	(633,720)	(691,872)
<b>Net Change in Total OPEB Liability</b>	101,817	289,610	(1,774,342)	269,468
<b>Total OPEB Liability - Beginning of year</b>	11,919,083	11,629,473	13,403,815	13,134,347
<b>Total OPEB Liability - End of year</b>	<b>\$ 12,020,900</b>	<b>\$ 11,919,083</b>	<b>\$ 11,629,473</b>	<b>\$ 13,403,815</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 767,285	\$ 600,797	\$ 779,921	\$ 593,069
Net investment income (loss)	1,424,531	1,270,482	(352,219)	1,108,749
Administrative expenses	(19,169)	(18,103)	(23,589)	(21,446)
Benefit payments, including refunds	(667,285)	(600,797)	(633,720)	(691,872)
<b>Net Change in Plan Fiduciary Net Position</b>	1,505,362	1,252,379	(229,607)	988,500
<b>Plan Fiduciary Net Position - Beginning of year</b>	10,658,769	9,406,390	9,635,997	8,647,497
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 12,164,131</b>	<b>\$ 10,658,769</b>	<b>\$ 9,406,390</b>	<b>\$ 9,635,997</b>
<b>Net OPEB (Asset) Liability - Ending</b>	<b>\$ (143,231)</b>	<b>\$ 1,260,314</b>	<b>\$ 2,223,083</b>	<b>\$ 3,767,818</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	101.19 %	89.43 %	80.88 %	71.89 %
<b>Covered-employee Payroll</b>	\$ 1,072,907	\$ 1,236,143	\$ 1,494,412	\$ 1,552,588
<b>Net OPEB (Asset) Liability as a Percentage of Covered-employee Payroll</b>	(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 Three Fiscal Years*		
	2020	2019	2018
<b>Total OPEB Liability</b>			
Interest	\$ 50,262	\$ 50,172	\$ 58,635
Differences between expected and actual experience	53,745	-	(122,088)
Changes in assumptions	(21,782)	-	(70,657)
Benefit payments, including refunds	(50,526)	(47,260)	(55,200)
<b>Net Change in Total OPEB Liability</b>	31,699	2,912	(189,310)
<b>Total OPEB Liability - Beginning of year</b>	743,279	740,367	929,677
<b>Total OPEB Liability - End of year</b>	<b>\$ 774,978</b>	<b>\$ 743,279</b>	<b>\$ 740,367</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ -	\$ 64,013	\$ 64,013
Net investment income (loss)	116,534	108,259	(30,989)
Administrative expenses	(1,624)	(1,532)	-
Benefit payments, including refunds	(50,526)	(47,260)	(55,200)
Other	-	-	(2,054)
<b>Net Change in Plan Fiduciary Net Position</b>	64,384	123,480	(24,230)
<b>Plan Fiduciary Net Position - Beginning of year</b>	932,157	808,677	832,907
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 996,541</b>	<b>\$ 932,157</b>	<b>\$ 808,677</b>
<b>Net OPEB Asset - Ending</b>	<b>\$ (221,563)</b>	<b>\$ (188,878)</b>	<b>\$ (68,310)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	128.59 %	125.41 %	109.23 %
<b>Covered Payroll**</b>	\$ -	\$ -	\$ -

\*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 only 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.

## City of Northville, Michigan

### Required Supplemental Information Schedule of OPEB Contributions Retiree Health Care Plan

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 76,153	\$ 281,066	\$ 278,711	\$ 391,691	\$ 808,187	\$ 993,116	\$ 840,692	\$ 820,187	\$ 1,012,634	\$ 982,988
Contributions in relation to the actuarially determined contribution	767,285	600,797	779,921	847,194	1,001,872	1,109,503	961,787	1,129,194	1,305,128	956,325
<b>Contribution Excess (Deficiency)</b>	<b>\$ 691,132</b>	<b>\$ 319,731</b>	<b>\$ 501,210</b>	<b>\$ 455,503</b>	<b>\$ 193,685</b>	<b>\$ 116,387</b>	<b>\$ 121,095</b>	<b>\$ 309,007</b>	<b>\$ 292,494</b>	<b>\$ (26,663)</b>

#### 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	23 years
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	4.50 to 8.25 percent
Salary increase	2.50 percent
Investment rate of return	7.00 percent
Retirement age	100 percent at 20-25 years of full-time service, depending on bargaining unit
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%), and Disabled Retirees: PubNS-2010 Disabled Retiree Mortality Table without Adjustments
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									
	12/31/20	12/31/19	12/31/18	12/31/17**	6/30/17*	6/30/16*	6/30/15*	6/30/14*	6/30/13*	6/30/12*
Actuarially determined contribution	\$ -	\$ -	\$ 64,013	\$ 38,181	\$ 74,666	\$ 993,116	\$ 840,692	\$ 820,187	\$ 1,012,634	\$ 982,988
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	956,325
<b>Contribution Excess (Deficiency)</b>	<b>\$ -</b>	<b>\$ 64,013</b>	<b>\$ -</b>	<b>\$ 39,849</b>	<b>\$ 106,296</b>	<b>\$ 116,387</b>	<b>\$ 121,095</b>	<b>\$ 309,007</b>	<b>\$ 292,494</b>	<b>\$ (26,663)</b>
<b>Covered Payroll</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 118,363</b>	<b>\$ 169,460</b>	<b>\$ 2,689,840</b>	<b>\$ 2,618,278</b>	<b>\$ 2,618,278</b>	<b>\$ 2,722,596</b>	<b>\$ 2,715,073</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>65.92 %</b>	<b>106.79 %</b>	<b>41.25 %</b>	<b>36.73 %</b>	<b>43.13 %</b>	<b>47.94 %</b>	<b>35.22 %</b>

\*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	1 year
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	4.50 to 8.25 percent
Salary increase	2.50 percent
Investment rate of return	7.00 percent
Retirement age	Not applicable
Mortality	Pub-2010 General Employees Mortality Table
Other information	None

## City of Northville, Michigan

---

### Required Supplemental Information Schedule of OPEB Investment Returns Retiree Health Care Plan

---

	<b>Last Five Plan Years*</b>				
	<b>Year Ended December 31</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	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

---

	<b>Last Five Plan Years*</b>				
	<b>Year Ended December 31</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	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.

**June 30, 2021**

***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.

For the year ended June 30, 2021, the City incurred expenditures in the General Fund and Parking Fund that were in excess of amounts budgeted, as follows:

- City council expenditures in the General Fund were approximately \$40 higher than budgeted.
- Insurance expenditures in the General Fund were approximately \$108,000 higher than budgeted due to a year-end transfer to Insurance Retention Fund to cover open claims.
- Street lighting and miscellaneous public works expenditures in the General Fund were approximately \$148 higher than budgeted.
- Public works expenditures in the Parking Fund were approximately \$173,000 higher than budgeted. Budget amendments were prepared but not presented to the City Council due to an error of the finance department.

***Pension Information***

**Changes in Assumptions**

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

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

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

**June 30, 2021**

***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 purposes of determining the actuarially determined contribution, the amortization of the unfunded accrued liability was changed from level percentage of payroll to a level dollar to comply with the uniform assumptions most recently published by the Michigan Department of Treasury.

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

---

## Other Supplemental Information

---

Other Supplemental Information  
Combining Balance Sheet  
General Fund

June 30, 2021

	General Fund	Interfund Investment Pool Fund	Payroll Fund	Sustainability Revolving Fund	Total
<b>Assets</b>					
Cash and investments	\$ 2,882,895	\$ -	\$ 112,347	\$ 11,261	\$ 3,006,503
Receivables:					
Property taxes receivable	3,010	-	-	-	3,010
Customer receivables	140	-	-	-	140
Accrued interest receivable	-	6,487	-	-	6,487
Other receivables	43,617	-	-	-	43,617
Due from other governmental units	155,077	-	-	-	155,077
Due from other funds	92,368	-	-	-	92,368
Advances to other funds	455,000	-	-	-	455,000
Inventory	30,012	-	-	-	30,012
Prepaid expenses and other assets	104,642	-	88,315	-	192,957
<b>Total assets</b>	<b>\$ 3,766,761</b>	<b>\$ 6,487</b>	<b>\$ 200,662</b>	<b>\$ 11,261</b>	<b>\$ 3,985,171</b>
<b>Liabilities</b>					
Accounts payable	\$ 115,529	\$ -	\$ 189	\$ -	\$ 115,718
Due to other governmental units	92	-	1,783	-	1,875
Due to other funds	107,859	-	-	-	107,859
Refundable deposits, bonds, etc.	248,627	-	-	-	248,627
Accrued liabilities and other	252,004	6,487	198,690	-	457,181
Unearned revenue	9,694	-	-	-	9,694
<b>Total liabilities</b>	<b>733,805</b>	<b>6,487</b>	<b>200,662</b>	<b>-</b>	<b>940,954</b>
<b>Deferred Inflows of Resources -</b>					
Unavailable revenue	9,942	-	-	-	9,942
<b>Total liabilities and deferred inflows of resources</b>	<b>743,747</b>	<b>6,487</b>	<b>200,662</b>	<b>-</b>	<b>950,896</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory/Assets held for resale	30,012	-	-	-	30,012
Prepays	192,957	-	-	-	192,957
Long-term advance to other fund	455,000	-	-	-	455,000
Restricted - Police forfeitures	120,272	-	-	-	120,272
Assigned:					
Subsequent year's budget	200,000	-	-	-	200,000
Beautification commission	541	-	-	-	541
Sustainability revolving fund	-	-	-	11,261	11,261
Unassigned	2,024,232	-	-	-	2,024,232
<b>Total fund balances</b>	<b>3,023,014</b>	<b>-</b>	<b>-</b>	<b>11,261</b>	<b>3,034,275</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,766,761</b>	<b>\$ 6,487</b>	<b>\$ 200,662</b>	<b>\$ 11,261</b>	<b>\$ 3,985,171</b>

# City of Northville, Michigan

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

**Year Ended June 30, 2021**

	General Fund	Interfund Investment Pool Fund	Payroll Fund	Sustainability Revolving Fund	Total
<b>Revenue</b>					
Property taxes	\$ 5,615,354	\$ -	\$ -	\$ -	\$ 5,615,354
State-shared revenue and grants	1,022,404	-	-	-	1,022,404
Sales and services:					
Cemetery	127,157	-	-	-	127,157
Charges for overhead services	159,522	-	-	-	159,522
Sales and services	657,378	-	-	-	657,378
Fines and forfeitures	127,869	-	-	-	127,869
Licenses, fees, and permits	510,241	-	-	-	510,241
Interest and rentals:					
Investment income	35,359	-	-	-	35,359
Rental income	196,202	-	-	-	196,202
Other revenue:					
Local contribution	50,000	-	-	-	50,000
Other	30,094	-	-	1,261	31,355
Racetrack breakage	20,240	-	-	-	20,240
Total revenue	8,551,820	-	-	1,261	8,553,081
<b>Expenditures</b>					
Current services:					
General government	2,096,200	-	-	-	2,096,200
Public safety:					
Police department	3,110,180	-	-	-	3,110,180
Fire department	1,027,854	-	-	-	1,027,854
Public works	808,652	-	-	-	808,652
Recreation and culture	236,220	-	-	-	236,220
Contribution to MERS trusts	600,000	-	-	-	600,000
Debt service	52,939	-	-	-	52,939
Total expenditures	7,932,045	-	-	-	7,932,045
<b>Excess of Revenue Over Expenditures</b>	619,775	-	-	1,261	621,036
<b>Other Financing Sources (Uses)</b>					
Transfers in	5,590	-	-	-	5,590
Transfers out	(683,290)	-	-	-	(683,290)
Total other financing uses	(677,700)	-	-	-	(677,700)
<b>Net Change in Fund Balances</b>	(57,925)	-	-	1,261	(56,664)
<b>Fund Balances - Beginning of year</b>	3,080,939	-	-	10,000	3,090,939
<b>Fund Balances - End of year</b>	<u>\$ 3,023,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,261</u>	<u>\$ 3,034,275</u>



## City of Northville, Michigan

	Special Revenue Funds				
	Major Streets	Street, Drainage, and Sidewalk Improvement	Housing Commission	Cemetery	Arts Commission
<b>Assets</b>					
Cash and investments	\$ 391,962	\$ 1,352,879	\$ 367,689	\$ 1,180,298	\$ -
Receivables:					
Other receivables	917	-	-	-	-
Due from other governmental units	73,889	-	858	-	-
Prepaid expenses and other assets	964	-	8,951	-	-
<b>Total assets</b>	<b>\$ 467,732</b>	<b>\$ 1,352,879</b>	<b>\$ 377,498</b>	<b>\$ 1,180,298</b>	<b>\$ -</b>
<b>Liabilities</b>					
Accounts payable	\$ 6,644	\$ 135	\$ 2,286	\$ 5	\$ -
Refundable deposits, bonds, etc.	-	-	15,925	-	-
Accrued liabilities and other	977	-	7,901	-	-
Unearned revenue	-	-	13,164	-	-
<b>Total liabilities</b>	<b>7,621</b>	<b>135</b>	<b>39,276</b>	<b>5</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable - Prepaids	964	-	8,951	-	-
Restricted:					
Streets, drains, and sidewalk improvements	459,147	1,352,744	-	-	-
Debt service	-	-	-	-	-
Committed:					
Equipment and capital projects	-	-	-	-	-
Cemetery maintenance	-	-	-	1,180,293	-
Allen Terrace	-	-	329,271	-	-
Debt service	-	-	-	-	-
<b>Total fund balances</b>	<b>460,111</b>	<b>1,352,744</b>	<b>338,222</b>	<b>1,180,293</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 467,732</b>	<b>\$ 1,352,879</b>	<b>\$ 377,498</b>	<b>\$ 1,180,298</b>	<b>\$ -</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

**June 30, 2021**

Debt Service Funds			Capital Project Funds				Total Nonmajor Governmental Funds
2018 UTGO Debt Retirement	DDA Debt Service	Housing Debt Retirement	Police Equipment Replacement	Fire Equipment Replacement	Street Bond Construction	Housing Commission Capital Outlay	
\$ 2,095	\$ 2,554	\$ 2,780	\$ 249,399	\$ 1,347,085	\$ -	\$ 1,358,914	\$ 6,255,655
-	-	-	-	-	-	-	917
-	-	-	-	6,330	-	-	81,077
-	-	-	-	-	-	-	9,915
<b>\$ 2,095</b>	<b>\$ 2,554</b>	<b>\$ 2,780</b>	<b>\$ 249,399</b>	<b>\$ 1,353,415</b>	<b>\$ -</b>	<b>\$ 1,358,914</b>	<b>\$ 6,347,564</b>
\$ -	\$ -	\$ -	\$ 18	\$ 121	\$ -	\$ 103	\$ 9,312
-	-	-	-	-	-	-	15,925
-	-	-	-	-	-	-	8,878
-	-	-	-	-	-	-	13,164
-	-	-	18	121	-	103	47,279
-	-	-	-	-	-	-	9,915
-	-	-	-	-	-	-	1,811,891
2,095	-	-	-	-	-	-	2,095
-	-	-	249,381	1,353,294	-	1,358,811	2,961,486
-	-	-	-	-	-	-	1,180,293
-	-	-	-	-	-	-	329,271
-	2,554	2,780	-	-	-	-	5,334
2,095	2,554	2,780	249,381	1,353,294	-	1,358,811	6,300,285
<b>\$ 2,095</b>	<b>\$ 2,554</b>	<b>\$ 2,780</b>	<b>\$ 249,399</b>	<b>\$ 1,353,415</b>	<b>\$ -</b>	<b>\$ 1,358,914</b>	<b>\$ 6,347,564</b>

## City of Northville, Michigan

	Special Revenue Funds				
	Major Streets	Street, Drainage, and Sidewalk Improvement	Housing Commission	Cemetery	Arts Commission
<b>Revenue</b>					
Property taxes	\$ -	\$ 669,482	\$ -	\$ -	\$ -
State-shared revenue and grants:					
Federal grants	-	-	2,171	-	-
State-shared revenue and grants	456,636	-	-	-	-
Community Development Block Grant	-	-	-	-	-
Sales and services	-	-	8,117	90,983	-
Interest and rentals:					
Investment income	3,974	10,407	1,871	1,389	66
Rental income	-	-	823,374	-	-
Other revenue:					
Local contribution	-	-	-	-	28
Other	-	-	10,000	-	12,307
Michigan Housing Authority subsidies	-	-	52,662	-	-
Total revenue	460,610	679,889	898,195	92,372	12,401
<b>Expenditures</b>					
Current services:					
Public safety	-	-	-	-	-
Public works	715,703	-	-	-	-
Senior housing	-	-	602,376	-	-
Recreation and culture	-	-	-	-	52,088
Debt service	-	-	-	-	-
Total expenditures	715,703	-	602,376	-	52,088
<b>Excess of Revenue (Under) Over Expenditures</b>	(255,093)	679,889	295,819	92,372	(39,687)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	16,390	-	-
Transfers out	(225,625)	(1,838,618)	(373,876)	-	-
Total other financing (uses) sources	(225,625)	(1,838,618)	(357,486)	-	-
<b>Net Change in Fund Balances</b>	(480,718)	(1,158,729)	(61,667)	92,372	(39,687)
<b>Fund Balances - Beginning of year</b>	940,829	2,511,473	399,889	1,087,921	39,687
<b>Fund Balances - End of year</b>	<u>\$ 460,111</u>	<u>\$ 1,352,744</u>	<u>\$ 338,222</u>	<u>\$ 1,180,293</u>	<u>\$ -</u>

Other Supplemental Information

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

Nonmajor Governmental Funds

**Year Ended June 30, 2021**

Debt Service Funds			Capital Project Funds				Total Nonmajor Governmental Funds
2018 UTGO Debt Retirement	DDA Debt Service	Housing Debt Retirement	Police Equipment Replacement	Fire Equipment Replacement	Street Bond Construction	Housing Commission Capital Outlay	
\$ 354,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,023,660
-	-	-	7,470	238,095	-	-	247,736
-	-	-	178	-	-	-	456,814
-	-	-	-	-	-	20,000	20,000
-	-	-	-	-	-	-	99,100
420	-	-	517	4,498	137	4,515	27,794
-	-	-	-	-	-	-	823,374
-	174,335	-	-	77,401	-	-	251,764
-	-	-	-	-	-	-	22,307
-	-	-	-	-	-	-	52,662
354,598	174,335	-	8,165	319,994	137	24,515	3,025,211
-	-	-	31,087	261,306	-	-	292,393
-	-	-	-	-	-	-	715,703
-	-	-	-	-	-	29,885	632,261
-	-	-	-	-	-	-	52,088
352,503	174,335	94,922	-	-	-	-	621,760
352,503	174,335	94,922	31,087	261,306	-	29,885	2,314,205
2,095	-	(94,922)	(22,922)	58,688	137	(5,370)	711,006
-	-	94,922	111,000	154,124	-	278,954	655,390
-	-	-	-	-	(711,745)	-	(3,149,864)
-	-	94,922	111,000	154,124	(711,745)	278,954	(2,494,474)
2,095	-	-	88,078	212,812	(711,608)	273,584	(1,783,468)
-	2,554	2,780	161,303	1,140,482	711,608	1,085,227	8,083,753
<b>\$ 2,095</b>	<b>\$ 2,554</b>	<b>\$ 2,780</b>	<b>\$ 249,381</b>	<b>\$ 1,353,294</b>	<b>\$ -</b>	<b>\$ 1,358,811</b>	<b>\$ 6,300,285</b>

Other Supplemental Information  
Combining Statement of Net Position  
Internal Service Funds

June 30, 2021

	Municipal Equipment	Insurance Retention	Employees' Accumulated Compensation	Total Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 61,417	\$ 1,005	\$ 498,024	\$ 560,446
Receivables	237	-	-	237
Due from other funds	-	107,859	-	107,859
Inventory	25,580	-	-	25,580
Prepaid expenses and other assets	5,144	-	-	5,144
Total current assets	92,378	108,864	498,024	699,266
Noncurrent assets:				
Restricted assets	-	164,866	-	164,866
Capital assets - Assets subject to depreciation	580,954	-	-	580,954
Total noncurrent assets	580,954	164,866	-	745,820
Total assets	673,332	273,730	498,024	1,445,086
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	7,077	-	48	7,125
Accrued liabilities and other	2,166	273,730	-	275,896
Current portion of compensated absences	2,351	-	-	2,351
Total current liabilities	11,594	273,730	48	285,372
Noncurrent liabilities - Compensated absences - Net of current portion	7,863	-	-	7,863
Total liabilities	19,457	273,730	48	293,235
<b>Net Position</b>				
Net investment in capital assets	580,954	-	-	580,954
Unrestricted	72,921	-	497,976	570,897
Total net position	<u>\$ 653,875</u>	<u>\$ -</u>	<u>\$ 497,976</u>	<u>\$ 1,151,851</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, 2021

	Municipal Equipment	Insurance Retention	Employees' Accumulated Compensation	Total Internal Service Funds
<b>Operating Revenue</b>				
Rental income	\$ 326,448	\$ -	\$ -	\$ 326,448
Reinsurance recoveries	-	1,513	-	1,513
Other revenue	1,125	107,859	-	108,984
Total operating revenue	327,573	109,372	-	436,945
<b>Operating Expenses</b>				
Other operating and maintenance costs	246,787	-	-	246,787
Claims	-	234,873	-	234,873
Operating transfers	-	-	4,596	4,596
Depreciation	71,447	-	-	71,447
Total operating expenses	318,234	234,873	4,596	557,703
<b>Operating Income (Loss)</b>	9,339	(125,501)	(4,596)	(120,758)
<b>Nonoperating Revenue</b>				
Investment income	257	4,420	2,100	6,777
Gain on sale of assets	9,000	-	-	9,000
Total nonoperating revenue	9,257	4,420	2,100	15,777
<b>Transfers In</b>	146,278	-	-	146,278
<b>Change in Net Position</b>	164,874	(121,081)	(2,496)	41,297
<b>Net Position - Beginning of year</b>	489,001	121,081	500,472	1,110,554
<b>Net Position - End of year</b>	<b>\$ 653,875</b>	<b>\$ -</b>	<b>\$ 497,976</b>	<b>\$ 1,151,851</b>

Other Supplemental Information  
Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2021

	Municipal Equipment	Insurance Retention	Employees' Accumulated Compensation	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 326,448	\$ -	\$ 23	\$ 326,471
Receipts from interfund services and reimbursements	1,125	-	-	1,125
Payments to suppliers	(125,076)	(28,229)	(4)	(153,309)
Payments to employees and fringes	(117,804)	-	(4,596)	(122,400)
Other receipts	(226)	1,513	-	1,287
Net cash and cash equivalents provided by (used in) operating activities	84,467	(26,716)	(4,577)	53,174
<b>Cash Flows Provided by Noncapital Financing Activities - Transfers from other funds</b>	146,278	-	-	146,278
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from sale of capital assets	9,000	-	-	9,000
Purchase of capital assets	(408,823)	-	-	(408,823)
Net cash and cash equivalents used in capital and related financing activities	(399,823)	-	-	(399,823)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	257	4,420	2,100	6,777
<b>Net Decrease in Cash and Cash Equivalents</b>	(168,821)	(22,296)	(2,477)	(193,594)
<b>Cash and Cash Equivalents - Beginning of year</b>	230,238	188,167	500,501	918,906
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 61,417</b>	<b>\$ 165,871</b>	<b>\$ 498,024</b>	<b>\$ 725,312</b>
<b>Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 61,417	\$ 1,005	\$ 498,024	\$ 560,446
Restricted cash	-	164,866	-	164,866
Total cash and cash equivalents	<b>\$ 61,417</b>	<b>\$ 165,871</b>	<b>\$ 498,024</b>	<b>\$ 725,312</b>

Other Supplemental Information  
Combining Statement of Cash Flows (Continued)  
Internal Service Funds

Year Ended June 30, 2021

	Municipal Equipment	Insurance Retention	Employees' Accumulated Compensation	Total Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 9,339	\$ (125,501)	\$ (4,596)	\$ (120,758)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	71,447	-	-	71,447
Changes in assets and liabilities:				
Receivables	(226)	-	23	(203)
Due to and from other funds	-	(107,859)	-	(107,859)
Inventories	(669)	-	-	(669)
Prepaid and other assets	(21)	-	-	(21)
Accounts payable	5,795	206,644	(4)	212,435
Accrued and other liabilities	(1,198)	-	-	(1,198)
Total adjustments	75,128	98,785	19	173,932
Net cash and cash equivalents provided by (used in) operating activities	<u><u>\$ 84,467</u></u>	<u><u>\$ (26,716)</u></u>	<u><u>\$ (4,577)</u></u>	<u><u>\$ 53,174</u></u>



Other Supplemental Information  
Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2021

	Other Employee Benefit Trust Funds			Private-purpose Trust Funds	Custodial Funds	
	Retiree Health Care Trust Fund (As of 12/31/2020)	Parks and Recreation Retiree Health Care Trust Fund (As of 12/31/2020)	Total	Allen Terrace Trust Fund	Tax Collection Fund	Total Fiduciary Funds
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 146,620	\$ 12,326	\$ 158,946
Investments	12,164,131	996,541	13,160,672	-	-	13,160,672
Total assets	12,164,131	996,541	13,160,672	146,620	12,326	13,319,618
<b>Liabilities</b>						
Accounts payable	-	-	-	14	-	14
Accrued liabilities and other	-	-	-	-	12,326	12,326
Total liabilities	-	-	-	14	12,326	12,340
<b>Net Position</b>						
Restricted:						
Postemployment benefits other than pension	12,164,131	996,541	13,160,672	-	-	13,160,672
Individuals, organizations, and other governments	-	-	-	146,606	-	146,606
Total net position	<u>\$ 12,164,131</u>	<u>\$ 996,541</u>	<u>\$ 13,160,672</u>	<u>\$ 146,606</u>	<u>\$ -</u>	<u>\$ 13,307,278</u>

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

Year Ended June 30, 2021

	Other Employee Benefit Trust Funds			Private-purpose Trust Funds	Custodial Funds	
	Retiree Health Care Trust Fund (Year Ended December 31, 2020)	Parks and Recreation Retiree Health Care Trust Fund (Year Ended December 31, 2020)	Total	Allen Terrace Trust Fund	Tax Collection Fund	Total Fiduciary Funds
<b>Additions</b>						
Investment income - Interest and dividends	\$ 1,424,531	\$ 116,534	\$ 1,541,065	\$ 618	\$ -	\$ 1,541,683
Contributions - Employer	100,000	-	100,000	-	-	100,000
Property tax collections on behalf of other governments	-	-	-	-	12,695,096	12,695,096
Total additions	1,524,531	116,534	1,641,065	618	12,695,096	14,336,779
<b>Deductions</b>						
Benefit payments	-	50,526	50,526	-	-	50,526
Rent assistance	-	-	-	917	-	917
Disbursements to Northville Public Schools	-	-	-	-	3,683,613	3,683,613
Disbursements to Library	-	-	-	-	436,643	436,643
Disbursements to Wayne County	-	-	-	-	5,255,654	5,255,654
Disbursements to Oakland County	-	-	-	-	3,319,186	3,319,186
Administrative expenses	19,169	1,624	20,793	-	-	20,793
Total deductions	19,169	52,150	71,319	917	12,695,096	12,767,332
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	1,505,362	64,384	1,569,746	(299)	-	1,569,447
<b>Net Position - Beginning of year - As restated</b>	10,658,769	932,157	11,590,926	146,905	-	11,737,831
<b>Net Position - End of year</b>	<u>\$ 12,164,131</u>	<u>\$ 996,541</u>	<u>\$ 13,160,672</u>	<u>\$ 146,606</u>	<u>\$ -</u>	<u>\$ 13,307,278</u>