

PRELIMINARY OFFICIAL STATEMENT DATED MAY 27, 2025

NEW ISSUE

S&P Global Ratings♦: “AAA”

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the City of Northville (the “City”), (i) the interest on the 2025 Capital Improvement Bonds (Limited Tax General Obligation) (the “Bonds”) is excludable from gross income for federal income tax purposes and (ii) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan (the “State”) or by any taxing authority within the State, except estate taxes, and taxes on gains realized from the sale, payment or other disposition thereof. See “TAX MATTERS” herein and Appendix C, “FORM OF APPROVING OPINION” for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”). The Bonds have NOT been designated as “qualified tax-exempt obligations” for purposes of deduction of interest expense by financial institutions pursuant to the Code.

\$14,625,000[†]
CITY OF NORTHVILLE
COUNTIES OF WAYNE AND OAKLAND, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

Sale Date: June 4, 2025 at 11:00 a.m. Eastern Time

AUTHORIZATION, PURPOSE AND SECURITY: The 2025 Capital Improvement Bonds (Limited Tax General Obligation) are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001 as amended, and a bond authorizing resolution adopted on April 7, 2025, by the City Council of the City of Northville (the “Resolution”). The Bonds will be issued for the purpose of (i) paying all or part of the cost of acquiring, constructing and equipping various water system projects for the City, including water main replacements and improvements, booster station improvements, reservoir improvements and lead service line replacements, together with all related site improvements, and (ii) paying expenses relating to the issuance of the Bonds. The City has pledged its limited tax full faith and credit for the payment of principal of and interest on the Bonds when due. The City is obligated to make such payments as a first budget obligation from its general funds, including any collections of ad valorem taxes it may be authorized to levy. The ability of the City to levy such is subject to applicable constitutional, statutory, and charter tax rate limitations.

BOOK-ENTRY-ONLY: At the option of the purchaser, the Bonds are issuable only as fully registered bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interest in the Bonds will be made in book-entry-only form, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co is the Bondholder, as nominee for DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See “THE BONDS - Book-Entry-Only System.”

PAYMENT OF BONDS: Interest on the Bonds will be payable semi-annually on the first day of April and October of each year commencing October 1, 2025. The Bonds will be issued fully registered as to principal and interest in the denomination of \$5,000 or any integral multiple thereof not exceeding the principal amount of each maturity. The principal and interest shall be payable at the principal corporate trust office of The Huntington National Bank, Grand Rapids, Michigan or other designated office, the Bond Registrar and Transfer Agent, or such other Bond Registrar and Transfer Agent as the City may hereafter designate. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants, as more fully described herein. Interest shall be paid when due by check or draft mailed to the registered owner as shown on the registration books as of the fifteenth day of the month preceding the payment date for each interest payment.

Dated Date: Date of Delivery (June 25, 2025, anticipated)

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

Principal Due: April 1, as shown on the inside cover

LEGAL OPINION: Miller, Canfield, Paddock and Stone, P.L.C.



This cover page contains certain information for quick reference only. It is not a summary of this issue of Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

♦ See “BOND RATING” herein.

† Preliminary, subject to change: See “THE BONDS - Adjustment in Principal Amount” herein and in Appendix E, “FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM.”

\$14,625,000[†]
CITY OF NORTHVILLE
COUNTIES OF WAYNE AND OAKLAND, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

MATURITY SCHEDULE[†]

Principal Due: April 1

Base CUSIP: 667213

Maturity April 1,	CUSIP Number◇	Amount[†]	Coupon Rate %	Yield %	Maturity April 1,	CUSIP Number◇	Amount[†]	Coupon Rate %	Yield %
2026		\$ 470,000			2039	*	\$ 575,000		
2027		330,000			2040	*	600,000		
2028		345,000			2041	*	625,000		
2029		365,000			2042	*	655,000		
2030		380,000			2043	*	685,000		
2031		400,000			2044	*	715,000		
2032		420,000			2045	*	750,000		
2033		440,000			2046	*	785,000		
2034		465,000			2047	*	820,000		
2035		490,000			2048	*	860,000		
2036	*	510,000			2049	*	905,000		
2037	*	530,000			2050	*	950,000		
2038	*	555,000							

***PRIOR REDEMPTION:** Bonds maturing in the years 2036 through 2050 are subject to optional redemption as described under the heading “THE BONDS – Optional Redemption Prior to Maturity” herein.

INFORMATION FOR BIDDERS ON DETAILS OF SALE

DATE BIDS DUE: June 4, 2025

TIME BIDS DUE: 11:00 a.m., Eastern Time

LOCATIONS OF SUBMISSION OF BIDS: Bids ONLY accepted electronically via PARITY and by email to the Municipal Advisory Council of Michigan at: munibids@macmi.com

BOND DETAILS:

Principal Amount: \$14,625,000[†]

Dated: Date of Delivery (June 25, 2025, anticipated)

Interest Payment Dates: April 1 and October 1, commencing October 1, 2025

Rating: S&P Global Ratings: “AAA”

Maximum Interest Rate: 6%

Maximum Interest Rate Spread: N/A

Maximum Discount: \$0

Denominations: \$5,000 or a multiple of \$5,000

Good Faith Deposit: \$146,250

The Official Notice of Sale, as published, shall control if there is a conflict between this Official Statement and the Official Notice of Sale, as published.

RESTRICTIONS: The bonds shall bear interest at rate or rates not exceeding six percent (6%) per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. Bonds maturing after 2035 shall bear interest at a minimum coupon rate of 4.00%. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. No proposal for the purchase of less than all of the bonds or at a price less than 100% of their par value will be considered.

[†] Preliminary, subject to change: See “THE BONDS - Adjustment in Principal Amount” herein and in Appendix E, “FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM.”

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REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth in this Official Statement has been obtained from the City and other sources which are believed to be reliable, including The Depository Trust Company with respect to the information contained under the heading “Book-Entry-Only System,” but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement. The Transfer Agent has not participated in the preparation of this Official Statement and assumes no responsibility for it.

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City of Northville
215 W. Main Street
Northville, Michigan 48167
Phone: (248) 349-1300
<https://www.ci.northville.mi.us/>

CITY OF NORTHVILLE OFFICIALS

City Council Members

<u>Mayor</u> Brian Turnbull		<u>Mayor Pro-tem</u> Barbara Moroski-Browne
Laura Genitti	Andrew Krenz	John Carter

City Administration

<u>Manager</u> George Lahanas	<u>Finance Director/Treasurer</u> Sandi Wiktorowski	<u>Clerk</u> Michaela Kleehammer
<u>Fire Chief</u> Matthew Samhat	<u>DPW Director</u> Mike Domine	<u>Chief of Police</u> Alan Maciag
<u>Assessor</u> Ben Griffin		<u>Community Development Director</u> Justin Quagliata

PROFESSIONAL SERVICES

Auditor	Rehmann Detroit, Michigan
Bond Counsel	Miller, Canfield, Paddock and Stone, P.L.C. Detroit, Michigan
Municipal Advisor	MFCI, LLC Milford, Michigan
Transfer Agent	The Huntington National Bank Grand Rapids, Michigan

**OFFICIAL STATEMENT OF THE
\$14,625,000[†]
CITY OF NORTHVILLE
COUNTIES OF WAYNE AND OAKLAND, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)**

INTRODUCTION

This Official Statement, including the cover page hereof and the appendices hereto, is provided by the City of Northville, Counties of Wayne and Oakland, State of Michigan (the “City”) for the purpose of setting forth information to all who initially may become registered owners of the City’s 2025 Capital Improvement Bonds (Limited Tax General Obligation) (the “Bonds”).

All financial and other information presented in this Official Statement with respect to the City has been provided by representatives of the City, from their records, except for information expressly attributed to other sources. Information from other sources has not been independently confirmed or verified by the City and the accuracy of such information is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs. No representation is made that past experience, as is shown by such financial and other information, will necessarily continue or be repeated in the future.

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these opinions or estimates have been or will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as part of a contract with any original purchaser or subsequent owner of any Bond or beneficial interest therein.

Reference to provisions of Michigan law, whether codified in the Michigan Compiled Laws or uncodified, or of the Michigan Constitution, are references to those current provisions, and such provisions may be amended, repealed, or supplemented.

THE FINANCING

Purpose of the Bonds

Proceeds from the sale of the Bonds will be used for the purpose of (i) paying all or part of the cost of acquiring, constructing and equipping various water system projects for the City, including water main replacements and improvements, booster station improvements, reservoir improvements and lead service line replacements, together with all related site improvements (the “Project”), and (ii) paying expenses relating to the issuance of the Bonds (together with the Project, the “Financing”).

Estimated Sources and Uses of Funds

<u>Sources of Funds</u>	
Par Value of Bonds	\$ -
Total Sources	<u>\$ -</u>
<u>Uses of Funds</u>	
Deposit to Construction Fund	\$ -
Underwriter’s Discount	-
Estimated Costs of Issuance ⁽¹⁾	-
Total Uses	<u>\$ -</u>

[†] Preliminary, subject to change: See “THE BONDS - Adjustment in Principal Amount” herein and in Appendix E, “FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM.”

⁽¹⁾ Includes legal, municipal advisor, printing, rating, publication, and other miscellaneous costs of issuance.

Source: City of Northville

THE BONDS

Authorization and Security

The Bonds are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a bond authorizing resolution adopted on April 7, 2025, by the City Council of the City of Northville (the “Resolution”).

The City has pledged its limited tax full faith and credit for the payment of principal of and interest on the Bonds when due. The City is obligated to make such payments as a first budget obligation from its general funds, including any collections of ad valorem taxes it may be authorized to levy. The ability of the City to levy such is subject to applicable constitutional, statutory, and charter tax rate limitations.

The rights or remedies of Bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance, or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

Interest Payment and Interest Rate

The Bonds shall bear interest payable October 1, 2025, and semi-annually thereafter on each April 1 and October 1, until maturity or early redemption. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months. Interest shall be paid by check or draft mailed to the registered owner of each bond as of the applicable date of record.

Adjustment in Principal Amount

The aggregate principal amount of the Bonds has been determined as the amount necessary to fund the City's project costs and cost of issuance, assuming certain conditions and events exist on the date of sale. Following receipt of bids and prior to final award, the City reserves the right to decrease the aggregate principal amount of the Bonds. The decrease, if necessary, will be made in increments of \$5,000 and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the decrease in the principal amount of the Bonds, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw the bid as a result of any changes made as provided in this paragraph.

Optional Redemption Prior to Maturity

Bonds of this issue maturing in the years 2026 to 2035, inclusive, shall not be subject to optional redemption prior to maturity. Bonds or portions of bonds of this issue in multiples of \$5,000 maturing in the year 2036 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after April 1, 2035, at par and accrued interest to the date fixed for redemption.

Term Bond Option

Bidders shall have the option of designating bonds as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown on the inside cover page represents a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond designated. In the event that term bonds are utilized, the principal amount scheduled for maturity in the years shown on the inside cover page shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

Registration, Payment, and Transfer

The Bonds will be fully registered Bonds without coupons, and when issued, will be registered in the name DTC. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee for DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as hereinafter defined) of the Bonds. See “THE BONDS – Book-Entry-Only System,” herein.

The Bonds will be issued in the original aggregate principal amount as shown on the inside cover of this Official Statement. The Bonds will be dated as of the date of delivery and will bear interest from that date. Interest on the Bonds shall be payable semiannually on April 1 and October 1 each year commencing on October 1, 2025. Interest on the Bonds shall be computed using a 360-day year and twelve 30-day months. The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the inside cover of this Official Statement. The principal and interest shall be payable at the designated corporate trust office of the Transfer Agent or such other Transfer Agent as the City may hereafter designate by notice mailed to the Bondholders. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants (both as hereinafter defined), as more fully described below. Interest shall be paid when due by check or draft mailed to the registered owners of Bonds as shown on the registration books as of the fifteenth day of the calendar month preceding the payment date for each interest payment.

Book-Entry-Only System

The information in this section has been furnished by DTC. No representation is made by the City, Bond Counsel, the Municipal Advisor, the Transfer Agent, or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information (defined below) subsequent to the date hereof. No attempt has been made by the City, its Bond Counsel, the Municipal Advisor, the Transfer Agent, or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Transfer Agent will have any responsibility or obligation to DTC participants, indirect participants, or the persons for which they act as nominees with respect to the Bonds, or for any principal or interest payment thereof.

The DTC, New York, NY will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Standard & Poor's has rated DTC AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change

in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or Transfer Agent, on payable date in accordance with their respective holdings on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Transfer Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, distributions and divided payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Transfer Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Transfer Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered to DTC.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The City, Bond Counsel, the Municipal Advisor, the Transfer Agent, and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest on the Bonds, (ii) any document representing or confirming beneficial ownership interests in the Bonds, or (iii) notices sent to DTC or Cede & Co. its nominee, as the registered owner of the Bonds, or that it will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with the Participants are on file with DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Neither the City, Bond Counsel, the Municipal Advisor, the Transfer Agent nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (a) the Bonds; (b) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (c) the payment by DTC to any Participant, or by any Direct Participant or Indirect Participant to any Beneficial Owner of any amount due with respect to the principal of or interest on the Bonds; (d) the delivery by DTC to any participant, or by and

Direct Participant or Indirect Participant to any Beneficial Owner of any notice which is required or permitted under the terms of the authorizing resolution for each issue to be given to Bondholders; (e) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (f) any consent given or other action taken by DTC as Bondholder.

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; the Transfer Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; and the City and Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution.

ABSENCE OF CERTAIN LITIGATION

Simultaneously with the delivery of the Bonds, the City will certify that there are no actions, proceedings or investigations at law or in equity before or by any court, public board or body, either actual or threatened, which would adversely affect the issuance of the Bonds or materially affect the City's ability to pay the principal of and interest thereon.

BOND RATING

S&P Global Ratings (hereafter "S&P"), will assign, as of the date of delivery, a municipal bond rating of "AAA" to the Bonds.

The City has furnished to the rating agency certain materials and information in addition to that provided here. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies, and assumptions by the rating agencies. The above rating reflects the independent judgment of the rating agency and there is no assurance that such rating will prevail for any given period of time or that it will not be revised or withdrawn entirely by such rating agency, if, circumstances so warrant. Any such revision or withdrawal of such rating may have an effect on the market price of the Bonds. Any rating assigned represents only the views of the respective rating agency. The definitions furnished by the rating agency for its rating may be obtained from the rating agency.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinions on federal and State of Michigan tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The City has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal and State of Michigan income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the City's certifications and representations and the continuing compliance with the City's covenants. Noncompliance with these covenants by the City may cause the interest on the Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention,

may adversely affect the exclusion from gross income for federal and State of Michigan income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but are not a guarantee of that conclusion. The opinions are not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Code, the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption, or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code

as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the City in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

ISSUE PRICE

The winning bidder shall assist the City in establishing the issue price of the Bonds, in accordance with the requirements set forth in the Official Notice of Sale attached hereto as Appendix E, and shall deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices to the public of the Bonds, substantially in the form attached hereto as Appendix F-1 or F-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

NOT BANK QUALIFIED

The Bonds have NOT been designated as "Qualified Tax-Exempt Obligations" for the purpose of deduction of interest expense by financial institutions pursuant to the Code.

STATE TREASURY QUALIFICATION

The City has obtained a letter from the Department of Treasury of the State of Michigan stating that the City is in material compliance with the criteria of Act 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The City may therefore proceed to issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

UNDERWRITING

The Bonds were purchased through a competitive sale on June 4, 2025, by _____ (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$_____, which represents the par amount of the Bonds of \$_____, plus the net original issue premium of \$_____ less the Underwriter’s discount of \$_____.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The initial public offering price may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR TO THE CITY

MFCI, LLC of Milford, Michigan (the “Municipal Advisor”), is a registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board (“MSRB”). The Municipal Advisor has been retained by the City to provide certain municipal advisory services relating to the planning, structuring, and issuance of the Bonds, including preparation of certain parts of the deemed “final” Preliminary Official Statement and the final Official Statement (the “Official Statements”).

The Municipal Advisor will make no representation, warranty or guarantee regarding the accuracy or completeness of the information in the Preliminary Official Statement or Official Statement, other than information about the Municipal Advisor supplied by the Municipal Advisor, and its assistance in preparing these documents should not be construed as a representation that it has independently verified such information.

The Municipal Advisor is not engaged in the business of underwriting, trading, marketing, or the distribution of securities or any other negotiable instruments. The Municipal Advisor’s duties, responsibilities, and fees arise solely as registered Municipal Advisor to the City, and it has no secondary obligation or other responsibility. The Municipal Advisor’s fees are expected to be paid from Bond proceeds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be delivered with the Bonds, which opinion will be substantially in the form as set forth in “Appendix C – FORM OF APPROVING OPINION.”

BOND COUNSEL’S RESPONSIBILITY

The fees of Miller, Canfield, Paddock and Stone, P.L.C. (“Bond Counsel”) for services rendered in connection with its approving opinion are expected to be paid from the proceeds of the Bonds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and except as stated below, Bond Counsel has not been retained to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements made under the captions entitled “THE FINANCING (other than information pertaining to estimated Sources and Uses)” “THE BONDS (other than information pertaining to DTC and the Book-Entry-Only System)”, “TAX MATTERS,” “BANK QUALIFIED,” “STATE TREASURY QUALIFICATION,” “LEGAL MATTERS,” “BOND COUNSEL’S RESPONSIBILITY,” and “CONTINUING DISCLOSURE” (first two paragraphs only). Bond Counsel has not been retained for review and has not reviewed any other portions of the Official Statement for accuracy or completeness and has not made inquiry of any official or employee of the City, or any other person and has made no independent verification of such portions hereof, and further has not expressed and will not express an opinion as to any portions hereof.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the City will execute a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the holders of the Bonds or Beneficial Owners (as defined in the Undertaking) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, as set forth in “Appendix D – FORM OF CONTINUING DISCLOSURE UNDERTAKING” to this Official Statement.

A failure by the City to comply with the undertaking will not constitute an event of default under the Resolution and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertaking.

A failure by the City to comply with the undertaking must be reported by the City in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City has not failed to comply, in all material respects, with any of its previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule in the past five years.

OTHER MATTERS

The City certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the City and its economic and financial condition, is true and correct as of its date, and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements included herein, in light of the circumstances under which they are made, not misleading.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original source thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of such information. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

This Official Statement has been duly executed and delivered by the City.

City of Northville, Michigan

By: _____
Cassandra Wiktorowski
Its: Finance Director/Treasurer

APPENDIX A

**CITY OF NORTHVILLE
GENERAL AND ECONOMIC INFORMATION**

Appendix A
CITY OF NORTHVILLE
GENERAL AND ECONOMIC INFORMATION

LOCATION AND DESCRIPTION

The City of Northville is located the western edge of metro Detroit in 2.2 square-mile area equally divided between Wayne and Oakland Counties. The City was incorporated as a village in 1867 and as a city in 1955. It is about a 40-minute drive from downtown Detroit and downtown Ann Arbor. The City has easy access to nearby major freeways, including I-275, M-14, I-696 and I-96.

Northville has a thriving business community with a blend of professional services, retail and cultural venues. The city's major employers are the Northville Public Schools, Kroger, and Jack Doheny Supply. The city has two bank/savings and loan/credit unions, a post office, five churches, a professional theatre, a district library, Northville Cider Mill and Mill Race Historical Village.

FORM OF GOVERNMENT

The City operates under the Council-Manager form of government. The Mayor of Northville is the chief executive officer of the City. The Mayor is elected at large and serves a two-year term of office. Under the City Charter the Mayor has no veto power but presides at meetings of the City Council. The City Council is the legislative and policy making body of the City. The City Council establishes policy, approves contracts, enacts ordinances and approves rules and regulations, which supplement the ordinances and policies of the City. The City Council is comprised of the Mayor and four Councilmembers, all elected at large. Councilmembers are elected in non-partisan elections for overlapping four-year terms.

The City Council meets every first and third Monday of the month.

FISCAL YEAR

July 1 to June 30.

POPULATION

<u>Year</u>	<u>Population</u>
2020 U.S. Census	6,119
2010 U.S. Census	5,970
2000 U.S. Census	6,459

Source: U.S. Department of Commerce-Bureau of the Census

CITY TAXATION AND LIMITATIONS

Property Assessments

Real property is land and the things permanently attached to or part of the land and improvements made to it by human efforts ("Real Property"). Examples of Real Property include land, buildings, water and sewer facilities, roads and acquisition of various property rights. Personal property is property owned by an individual or business which is not affixed to or associated with the land, consisting of movable items such as furniture, fixtures, and machines and equipment if belonging to a business ("Personal Property"). Customary household goods such as furnishings, appliances and clothing are typically exempt as they are kept or used within the household.

Real and Personal Property is assessed, or valued, by the City, equalized by the Counties of Wayne and Oakland (the "Counties") and further equalized by the State as of December 31 of each year. The value as equalized by the State becomes the state equalized valuation ("State Equalized Valuation" or "SEV"). See "Property Valuation" following.

Article IX, Section 3, of the Michigan Constitution provides that Real and Personal Property assessments will not exceed 50% of true cash value. The Michigan Legislature has provided by statute that Real and Personal Property will be assessed at 50%

of true cash value. The Michigan Legislature, or the electorate, may change the percentage of true cash value at which Real and Personal Property is assessed.

Personal Property assessments also reflect the taxpayer reported cost of the Personal Property and the application of one of the depreciation schedules formulated by the State Tax Commission. The City’s assessor determines which depreciation schedule will be used to value the Personal Property.

Owners of taxable property may appeal their assessment to the City Assessor, the City’s Board of Review, and the Michigan Tax Tribunal. Outstanding appeals are not anticipated to adversely impact the financial condition of the City.

Property Valuation

In 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize the levy of taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as taxable value (“Taxable Value”). Since 1995, property that is taxable has two valuations, SEV and Taxable Value. Michigan statute provides that Real and Personal Property taxes (“Ad Valorem Taxes”) be levied on Taxable Value (the “Ad Valorem Tax Roll”).

Generally, the Taxable Value of Real or Personal Property is the lesser of (a) the SEV or Taxable Value of the property in the immediately preceding year, minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus all additions, or (b) the property’s current SEV. Under certain circumstances, the Taxable Value of property may be different from the same property’s SEV. When Real or Personal Property is sold or transferred, Taxable Value is adjusted to the SEV, the year after the sale or transfer, which under existing law is 50% of the true cash value. The Taxable Value of new construction is equal to its SEV.

Taxable Value

Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198 of the Public Acts of Michigan of 1974, as amended (“Act 198”).

**City of Northville
Total Taxable Value
Fiscal Years Ended or Ending June 30, 2021 – 2025**

Assessed Value as of December 31,	Year of State Equalization and Tax Levy	City's Fiscal Year End June 30,	Ad Valorem Taxable Value	Percent Increase over Prior Year
2023	2024	2025	\$ 545,550,582	6.72%
2022	2023	2024	511,196,708	7.19%
2021	2022	2023	476,898,807	5.79%
2020	2021	2022	450,797,480	4.25%
2019	2020	2021	432,399,120	4.15%
Per Capita			\$89,156.82	

Source: City of Northville

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Excluding the Equivalent Taxable Value of property granted tax abatement under Act 198, a breakdown of the City's Total Taxable Value by use and class for the fiscal years ended or ending June 30, 2021, through June 30, 2025, is shown below.

City of Northville
Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2021 – 2025

	Fiscal Year Ended or Ending June 30,				
Taxable Value by Use	2021	2022	2023	2024	2025
Residential	\$ 360,957,656	\$ 377,781,230	\$ 399,695,219	\$ 429,845,082	\$ 461,466,551
Commercial	60,610,060	62,121,326	66,070,417	70,089,349	72,853,444
Industrial	2,711,604	2,726,024	2,862,671	2,710,277	2,749,687
Utility	8,119,800	8,168,900	8,270,500	8,552,000	8,480,900
Total	<u>\$ 432,399,120</u>	<u>\$ 450,797,480</u>	<u>\$ 476,898,807</u>	<u>\$ 511,196,708</u>	<u>\$ 545,550,582</u>

	Fiscal Year Ended or Ending June 30,				
Taxable Value by Class	2021	2022	2023	2024	2025
Real	\$ 418,666,420	\$ 437,562,480	\$ 462,302,157	\$ 496,751,708	\$ 532,325,882
Personal	13,732,700	13,235,000	14,596,650	14,445,000	13,224,700
Total	<u>\$ 432,399,120</u>	<u>\$ 450,797,480</u>	<u>\$ 476,898,807</u>	<u>\$ 511,196,708</u>	<u>\$ 545,550,582</u>

Source: City of Northville

City of Northville
Percent of Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2021 – 2025

	Fiscal Year Ended or Ending June 30,				
Percent Taxable Value by Use	2021	2022	2023	2024	2025
Residential	83.48%	83.80%	83.81%	84.09%	84.59%
Commercial	14.02%	13.78%	13.85%	13.71%	13.35%
Industrial	0.63%	0.60%	0.60%	0.53%	0.50%
Utility	1.88%	1.81%	1.73%	1.67%	1.55%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

	Fiscal Year Ended or Ending June 30,				
Percent Taxable Value by Class	2021	2022	2023	2024	2025
Real	96.82%	97.06%	96.94%	97.17%	97.58%
Personal	3.18%	2.94%	3.06%	2.83%	2.42%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City of Northville

State Equalized Valuation

Aside from its use in determining Taxable Value for the purpose of levying Ad Valorem Taxes, SEV is important because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits. Ad Valorem SEV does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198.

City of Northville
Total State Equalized Valuation
Fiscal Years Ended or Ending June 30, 2021 – 2025

Assessed Value as of December 31,	Year of State Equalization and Tax Levy	City's Fiscal Year End June 30,	Ad Valorem SEV	Percent Increase over Prior Year
2023	2024	2025	\$ 745,879,400	12.79%
2022	2023	2024	661,271,195	7.65%
2021	2022	2023	614,258,950	2.62%
2020	2021	2022	598,575,000	3.38%
2019	2020	2021	579,002,360	5.22%

Per Capita \$121,895.64

Source: City of Northville

The following tables show a breakdown of the City's total SEV by use and class by dollars and percentages for the fiscal years ended June 30, 2021, through June 30, 2025.

City of Northville
Total SEV by Use and Class
Fiscal Years Ended June 30, 2021 – 2025

	Fiscal Year Ended or Ending June 30,				
SEV by Use	2021	2022	2023	2024	2025
Residential	\$ 485,132,360	\$ 502,620,200	\$ 515,284,800	\$ 562,669,095	\$ 645,211,800
Commercial	82,462,700	84,483,500	87,393,550	87,159,000	89,295,600
Industrial	3,287,500	3,302,400	3,310,100	2,891,100	2,891,100
Utility	8,119,800	8,168,900	8,270,500	8,552,000	8,480,900
Total	<u>\$ 579,002,360</u>	<u>\$ 598,575,000</u>	<u>\$ 614,258,950</u>	<u>\$ 661,271,195</u>	<u>\$ 745,879,400</u>

	Fiscal Year Ended or Ending June 30,				
SEF by Class	2021	2022	2023	2024	2025
Real	\$ 565,269,660	\$ 585,340,000	\$ 599,662,300	\$ 646,826,195	\$ 732,654,700
Personal	13,732,700	13,235,000	14,596,650	14,445,000	13,224,700
Total	<u>\$ 579,002,360</u>	<u>\$ 598,575,000</u>	<u>\$ 614,258,950</u>	<u>\$ 661,271,195</u>	<u>\$ 745,879,400</u>

Source: City of Northville

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City of Northville
Percent of Total SEV by Use and Class
Fiscal Years Ended or Ending June 30, 2021 – 2025

Percent SEV by Use	Fiscal Year Ended or Ending June 30,				
	2021	2022	2023	2024	2025
Residential	83.79%	83.97%	83.89%	85.09%	86.50%
Commercial	14.24%	14.11%	14.23%	13.18%	11.97%
Industrial	0.57%	0.55%	0.54%	0.44%	0.39%
Utility	1.40%	1.36%	1.35%	1.29%	1.14%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Percent SEV by Class	Fiscal Year Ended or Ending June 30,				
	2021	2022	2023	2024	2025
Real	97.63%	97.79%	97.62%	97.82%	98.23%
Personal	2.37%	2.21%	2.38%	2.18%	1.77%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City of Northville

Personal Property Tax Reform

The voters of the State approved enactment of Michigan Public Acts 153 and 154 of 2013 and Acts 80 and 86 through 93 of 2014 by referendum on August 5, 2014 (collectively, the “PPT Reform Acts”), which significantly reformed Personal Property tax in Michigan.

Under the PPT Reform Acts, owners of industrial and commercial Personal Property with a total true cash value of \$180,000 or less may file an affidavit claiming a Personal Property tax exemption. To be eligible for the exemption, all of the commercial or industrial Personal Property within a city or township that is owned by, leased to, or controlled by the claimant has to have an accumulated true cash value of \$180,000 or less. Beginning in calendar year 2016, owners of certain manufacturing Personal Property that was either purchased after December 31, 2012, or that is at least 10 years old may claim an exemption from Personal Property tax. By 2022, all eligible manufacturing Personal Property is at least 10 years old or purchased after December 31, 2012, so that it could be exempted from Personal Property tax.

To replace personal property tax revenues lost by local governments, the PPT Reform Acts divided the existing state use tax into two components, a “state share tax” and a “local community stabilization share tax,” and established the Local Community Stabilization Authority (the “LCSA”) to administer distribution of the local community stabilization share. The Michigan Department of Treasury collects the local community stabilization share tax on behalf of the LCSA. The local community stabilization share tax revenues are not subject to the annual appropriations process and are provided to the LCSA for distribution pursuant to a statutory formula. The statutory formula is anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions. The LCSA began distributions of the local community stabilization share tax to local governments on November 21, 2016. For the fiscal year ended June 30, 2024, the City received \$23,183 from the LCSA to replace lost personal property tax revenues.

The ultimate nature, extent, and impact of any other future amendments to Michigan’s property tax laws on the City’s finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the City.

Tax Abatement

The City's Taxable Value does not include the value of certain facilities which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198. Act 198 was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities and to build new facilities. Except as indicated below, under the provisions of Act 198, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even if the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the Ad Valorem Tax but instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. This millage rate equals 1/2 of all tax rates levied by other than the State plus 0%, 50% or 100% of the State Education Tax (as determined by the State Treasurer).

The Commercial Rehabilitation Act, PA 210 of 2005, as amended, ("PA 210") encourages the rehabilitation of commercial property that is 15 years or older, of which the primary purpose is the operation of a commercial business enterprise or multifamily residential use. Exemptions are approved for a term of up to 10 years during which time the taxable value is frozen on the value of the building for local taxes. Land and personal property are not abated under PA 210 and the local school operating tax and State Education Tax are levied on the new investment.

For the fiscal year ending June 30, 2025, the City has one commercial property subject to a PA 210 tax abatement with a taxable value of \$332,669.

Property Taxes

Michigan statute provides that all ad valorem taxes be levied on Taxable Value. The City's ability to tax is limited by the State Constitution and State statutes. A mill is equal to \$1.00 for each \$1,000 of Taxable Value. Home rule cities are permitted by Act 279 of the Public Acts of Michigan of 1909, as amended (the "Home Rule Cities Act"), to authorize by their charters a maximum levy of 20 mills for operating purposes.

Pursuant to the Home Rule Cities Act, home rule cities may authorize an additional levy of up to three mills for refuse collection and disposal. Home rule cities are also authorized to levy up to one mill (plus one additional mill with voter approval) for library purposes pursuant to Act 164 of the Public Acts of Michigan of 1877, as amended. Act 359 of the Public Acts of Michigan of 1925, as amended, also authorizes home rule cities to levy up to \$50,000 for promotional expenses.

In addition, the City's electorate may authorize the issuance of general obligation bonds or other obligations which pledge the full faith and credit and unlimited taxing power of the City.

State Limitations on Property Taxes

In 1978, the electorate of the State passed an amendment to the State Constitution (the "Amendment") which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35 of the Public Acts of Michigan of 1979, may have the effect of reducing the maximum authorized tax rate which could be levied by a local taxing unit. Under the Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. However, should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would be increased accordingly. Once reduced, a millage rate cannot increase in a subsequent year unless such increase is approved by the voters.

The Amendment does not limit taxes for the payment of principal of and interest on bonds or other evidence of indebtedness outstanding at the time the Amendment became effective, or which have been approved by the electorate of the State or such political subdivision.

Property Tax Rates

The City's maximum allowable property tax rates for the fiscal year ending June 30, 2025, are shown below.

Purpose	Authorized	Maximum FY 2024 Millage after Rollback	2025 Millage Reduction Fraction	Maximum FY 2025 Millage after Rollback	Expiration Date of Levy
City Operating	18.0800	13.0182	0.9927	12.9231	N/A
Street Improvements ⁽¹⁾	1.9200	1.6216	0.9927	1.6097	N/A
Street Debt ⁽²⁾	0.6810	N/A	N/A	N/A	2029

⁽¹⁾ Extra voted millage for streets improvements in 1997.

⁽²⁾ Extra voted bond for street improvements in November 2018.

Source: City of Northville

In addition to the City's property tax rates, residents of the City must pay property taxes to other units of local government. The State levies a State Education Tax ("SET") of 6.00 mills on all Real and Personal Property currently subject to the general property tax, except industrial personal property, which is exempt. To be eligible for state school aid, a local school district is also required to levy not more than the lesser of 18.00 mills or the number of mills levied in 1993 for school operating purposes on non-homestead property. These property taxes are in lieu of those previously levied for local school district operating purposes.

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City of Northville
Principal Residence ⁽¹⁾ and Non-Principal Residence Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2021 – 2025

Category	Fiscal Year Ended or Ending June 30,				
	2021	2022	2023	2024	2025
City Operating	13.1988	13.0496	13.0182	13.0182	12.9231
Street Improvements	1.6442	1.6256	1.6216	1.6216	1.6097
Street Improvement Debt	0.8698	0.8311	0.7862	0.7355	0.6810
City Total	15.7128	15.5063	15.4260	15.3753	15.2138
Northville School District					
State Education Tax ⁽²⁾	6.0000	6.0000	6.0000	6.0000	6.0000
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	3.6400	3.6400	3.4000	3.4000	3.4000
Sinking Fund	0.9453	0.9416	0.9396	0.9396	0.9357
Total Non-Principal Residence	28.5853	28.5816	28.3396	28.3396	28.3357
Total Principal Residence ⁽¹⁾	10.5853	10.5816	10.3396	10.3396	10.3357
District Library	1.1015	1.0981	1.0975	1.0975	1.0926
Schoolcraft Community College	2.2877	2.2700	2.2700	2.2700	2.2700
Wayne RESA	5.4643	5.4520	5.4275	5.4275	5.4092
HCMA	0.2104	0.2089	0.2070	0.2070	0.2062
County of Wayne	7.8220	7.8031	7.7728	7.7728	7.7468
Zoological Authority	0.1000	0.0997	0.0992	0.0992	0.0988
Art Institute	0.2000	0.1995	0.1986	0.1986	0.1979
County of Oakland	4.3700	4.3602	5.2617	5.2617	5.5503
Zoological Authority	0.0965	0.0956	0.0945	0.0945	0.0941
Art Institute	0.1913	0.1897	0.1945	0.1945	0.1937
County Totals					
Wayne - Non Principal Residence	61.4840	61.2192	60.8382	60.7875	60.5710
Wayne - Principal Residence	43.4840	43.2192	42.8382	42.7875	42.5710
Oakland - Non Principal Residence	58.0198	57.7624	58.3183	58.2676	58.3656
Oakland - Principal Residence	40.0198	39.7624	40.3183	40.2676	40.3656

⁽¹⁾ Principal residence means a dwelling or unit in a multiple-unit dwelling subject to Ad Valorem Taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Principal residence includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the principal residence includes only 5 acres adjacent and contiguous to the home of the owner. Principal residence includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Principal residence also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-principal residence is property not included in the above definition.

⁽²⁾ Industrial Personal Property is exempt from the State Education Tax (SET) and up to 18 mills of the school operating millage. Commercial personal property is exempt from up to 12 mills of the school operating millage.

Source: City of Northville

Property Tax Collections

The City's fiscal year begins on July 1 and ends on June 30. Summer Taxes are billed and become a lien on July 1. 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. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection with additional penalties. The County pays the City 100% of the uncollected taxes by May 15th of each year.

It is anticipated that the County will purchase the City's Delinquent Real Property Taxes from its delinquent tax payment fund. In return, the City will assign to the County all amounts due from the taxpayers with respect to such Delinquent Real Property Taxes. As a result of the anticipated purchases the City's Real Property tax receipts are expected to approach 100%.

The purchase of Delinquent Real Property Taxes may be dependent upon the sale of delinquent tax notes by the County for that purpose. There is no assurance that the County will issue such delinquent tax notes or purchase such Delinquent Real Property Taxes in any fiscal year. If the Delinquent Real Property Taxes are not purchased by the County, they will be paid to the City within a month following collection. The following table reflects the actual property tax collections for the City's fiscal years ended or ending June 30, 2021 through 2025.

**City of Northville
Property Tax Collections
Fiscal Years Ended or Ending June 2021 – 2025**

Levy Year	Fiscal Year	Total Tax Levy	Collections to March 1st of the Following Year	
			Dollar Amount	Percent
2024	2025	\$ 7,744,175	\$ 7,635,378	98.60%
2023	2024	7,360,151	7,271,045	98.79%
2022	2023	6,888,020	6,819,212	99.00%
2021	2022	6,545,535	6,478,281	98.97%
2020	2021	6,371,678	6,322,743	99.23%

Source: City of Northville

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Profiles of the Ten Largest Taxpayers

The top ten taxpayers in the City and their Taxable Value for the City's fiscal year ending June 30, 2025, are shown in the table below.

City of Northville Ten Largest Taxpayers Fiscal Year Ending June 30, 2025

10 Largest Taxpayers	Industry	FY 2025 Taxable Valuation
Toll Northeast V Corp	Developmental	\$ 7,310,937
DTE Electric Company	Utility	6,446,000
Singh Development Corp	Apartments, Office, Retail	5,084,235
Consumers Energy	Utility	2,120,900
The Kroger Company	Grocery	2,116,800
Northville 133 Main LLC	Office & Retail	1,774,459
S4 Cady LLC	Retail	1,691,682
Tegh LLC	Residential	1,599,400
Beneicke & Krue Properties	Apartments	1,748,418
120 W Main LLC	Office & Retail	1,324,365
		<u>\$ 31,217,196</u>
Top Ten % of FY 2025 Taxable Valuation		<u>5.72%</u>

Source: City of Northville

STATE SHARED REVENUES

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On July 24, 2024, Governor Whitmer signed into law the budget for fiscal year 2025. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.073 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

The City anticipates receiving \$743,683 in total statutory revenue sharing for fiscal year 2025.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

City of Northville
Revenue Sharing Payments
Fiscal Years Ended or Ending June 30, 2021 - 2025

	Fiscal Year Ended or Ending June 30,				
	2021	2022	2023	2024	2025*
Constitutional	\$ 584,316	\$ 651,425	\$ 658,875	\$ 670,889	\$ 653,923
CVTRS	71,388	72,816	77,185	79,515	89,760
Supplemental	-	-	-	-	-
CLFRF	-	-	-	765	-
Public Safety	-	-	-	1,529	-
Total State Shared Revenues	<u>\$ 655,704</u>	<u>\$ 724,241</u>	<u>\$ 736,060</u>	<u>\$ 752,698</u>	<u>\$ 743,683</u>

*Preliminary, subject to change.

Source: Michigan Department of Treasury

GENERAL FUND REVENUES AND EXPENDITURES
City of Northville
General Fund Revenues and Expenditures
Fiscal Years Ended June 30, 2022-2024

	Fiscal Year Ended June 30,		
	2022	2023	2024
Revenues	\$ 8,434,789	\$ 9,432,272	\$ 10,524,217
Expenses	(7,488,856)	(8,598,146)	(9,882,573)
Revenues Over (Under) Expense	<u>945,933</u>	<u>834,126</u>	<u>641,644</u>
Proceeds from sale of capital assets	-	-	162
Transfers in	2,205	33,075	73,300
Transfers out	(756,249)	(550,831)	(352,876)
Total other financing (uses) sources	<u>(754,044)</u>	<u>(517,756)</u>	<u>(279,414)</u>
Net Change in Fund Balance	191,889	316,370	362,230
Beginning Balance ⁽¹⁾	3,034,275	3,226,164	3,578,425
Ending Balance	<u>\$ 3,226,164</u>	<u>\$ 3,542,534</u>	<u>\$ 3,940,655</u>

⁽¹⁾ Adjusted beginning balance for fiscal year ended June 30, 2024.

Source: City of Northville

CITY DEBT

Statutory and Constitutional Debt Provisions

Section 21 of Article VII of the Michigan Constitution establishes the authority, subject to statutory and constitutional limitations, for municipalities to incur debt for public purposes:

“The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their rate of ad valorem property taxation for municipal purposes and restrict the powers of cities and villages to borrow money and contract debts. Each city and village are granted power to levy other taxes for public purposes, subject to limitations and prohibitions provided by this constitution or by law.”

In accordance with the foregoing authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have outstanding at any time. Section 4(a) of this Act provides:

“...the net indebtedness incurred for all public purposes may be as much as but shall not exceed the greater of the following:

- (a) Ten percent of the assessed value of all real and personal property in the city.
- (b) Fifteen percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred which exceeds 10% is or has been used solely for the construction or renovation of hospital facilities.”

Significant exceptions to the debt limitation have been permitted by the Home Rule Cities Act for certain types of indebtedness which include: special assessment bonds and Michigan transportation fund bonds (formerly, motor vehicle highway fund bonds), even though they are a general obligation of the City; revenue bonds payable from revenues only, whether secured by a mortgage or not; bonds issued or contract obligations assessments incurred to comply with an order of the Water Resources Commission of the State of Michigan or a court of competent jurisdiction, obligations incurred for water supply, sewage, drainage or refuse disposal or resource recovery projects necessary to protect the public health by abating pollution and bonds issued or assessments or contract obligations incurred for the construction, improvement or replacement of a combined sewer overflow abatement facility.

Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of May 2, 2025.

City of Northville
Legal Debt Margin Calculation
as of May 2, 2025, including the Bonds described herein

LEGAL DEBT MARGIN CALCULATION		
2024 State Equalized Value (SEV)	\$ 745,879,400	
Plus: Half Assessed Value Equivalent of Act 198 Property	-	
Plus: for Revenue Sharing ⁽¹⁾	29,664,786	
Plus: LCSA/PPT ⁽²⁾	1,738,066	
Equivalent Valuation for Debt Margin Purposes	<u>\$ 777,282,252</u>	
Legal Debt Limit - 10% of SEV ⁽³⁾		\$ 77,728,225
Total Bonded Debt Outstanding	\$ 15,975,000	
Less: Exempt Debt	<u>-</u>	
Net Amount Subject to Legal Debt Limit		<u>\$ 15,975,000</u>
LEGAL DEBT MARGIN AVAILABLE		<u><u>\$ 61,753,225</u></u>

⁽¹⁾ Constitutional and CVTRS State Revenue Sharing payments divided by the City’s operating millage rate.
⁽²⁾ The Local Community Stabilization Authority (“LCSA”) was established to administer distribution of the replacement of personal property tax revenues lost by local government. Eligible reimbursements for LCSA equals Total Reimbursement less Total Qualified Loss Reimbursement divided by the City’s eligible millage.
⁽³⁾ 10% of City’s Equivalent Valuation for debt margin purposes.

Source: City of Northville

Debt Statement

The following table reflects a breakdown of the City's direct and overlapping debt as of May 2, 2025, including the Bonds described herein.

City of Northville
Debt Statement
as of May 2, 2025, including the Bonds described herein

DIRECT DEBT

Dated	Series	Total	Self-Supporting	Net Direct Debt
June 25, 2025	Capital Improvement LTGO Water System	\$ 14,625,000	\$ -	\$ 14,625,000
December 19, 2018	UTGO Street Improvements	1,350,000	-	1,350,000
TOTAL DIRECT DEBT		<u>\$ 15,975,000</u>	<u>\$ -</u>	<u>\$ 15,975,000</u>

OVERLAPPING DEBT

School District	\$ 16,973,680
County	689,836
Community College	1,167,382
TOTAL OVERLAPPING DEBT	<u>\$ 18,830,898</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 34,805,898</u>

† Preliminary, subject to change.

Source: City of Northville and the Municipal Advisory Council of Michigan

City of Northville
Direct and Overlapping Debt Statistics
Levy Year 2024
as of May 2, 2025, including the Bonds described herein

2020 Census Population	6,119
2024 Taxable Value	\$ 545,550,582
2024 State Equalized Value (SEV)	745,879,400
2024 True Cash Value (TCV)	1,491,758,800
Per Capita 2024 Taxable Value	\$ 89,156.82
Per Capita 2024 State Equalized Value	121,895.64
Per Capita 2024 True Cash Value	243,791.27
Per Capita Total Direct Debt	\$ 2,610.72
Per Capita Total Direct and Overlapping Debt	5,688.17
Percent of Total Direct Debt of 2024 Taxable Value	2.93%
Percent of Total Direct and Overlapping Debt of 2024 Taxable Value	6.38%
Percent of Total Direct Debt of 2024 SEV	2.14%
Percent of Total Direct and Overlapping Debt of 2024 SEV	4.67%
Percent of Total Direct Debt of 2024 TCV	1.07%
Percent of Total Direct and Overlapping Debt of 2024 TCV	2.33%

Source: City of Northville and the Municipal Advisory Council of Michigan

Schedule of Bond Maturities

The following tables sets forth the annual maturities of the City's bonded indebtedness by type of issue as of May 2, 2025.

City of Northville
Schedule of Bond Maturities
as of May 2, 2025, including the Bonds described herein

Fiscal Year Ending June 30,	2018 UTGO	2025 CIB LTGO [†]	Total Debt Service
2025	\$ -	\$ -	\$ -
2026	320,000	470,000	790,000
2027	330,000	330,000	660,000
2028	345,000	345,000	690,000
2029	355,000	365,000	720,000
2030	-	380,000	380,000
2031	-	400,000	400,000
2032	-	420,000	420,000
2033	-	440,000	440,000
2034	-	465,000	465,000
2035	-	490,000	490,000
2036	-	510,000	510,000
2037	-	530,000	530,000
2038	-	555,000	555,000
2039	-	575,000	575,000
2040	-	600,000	600,000
2041	-	625,000	625,000
2042	-	655,000	655,000
2043	-	685,000	685,000
2044	-	715,000	715,000
2045	-	750,000	750,000
2046	-	785,000	785,000
2047	-	820,000	820,000
2048	-	860,000	860,000
2049	-	905,000	905,000
2050	-	950,000	950,000
	<u>\$ 1,350,000</u>	<u>\$ 14,625,000</u>	<u>\$ 15,975,000</u>

[†] Includes the Bonds described herein. Preliminary, subject to change.

Source: City of Northville and the Municipal Advisory Council of Michigan

Debt History

The City has no history of defaults on its obligations.

Future Financing

The City does not anticipate any new financing plans in the next twelve months.

RETIREMENT PLANS

Defined Contribution Pension Plan

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

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

For the City of Northville Defined Contribution Plan, the current year contribution (including the DDA) was calculated based on covered payroll of \$3,051,177, resulting in an employer contribution of \$392,951.

Please see Note 12 – Defined Contribution Pension Plan of the June 30, 2024 Financial Statements in Appendix B for additional information.

Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

Retirement benefits are calculated as various percentages (ranging from 2.5 to 2.75 percent) of the employee's final 3- to 5-year average compensation times the employee's years of service. To be eligible, employees must have a minimum number of years of service (ranging from 15 to 25), as well as meeting minimum retirement age (ranging from 50 to 60). The vesting period is 10 years. The benefits also include nonduty disability benefits and disability retirement benefits in limited situations. An employee who leaves city service may withdraw his or her contributions, plus any accumulated interest. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the members of the City Council, generally after negotiations of these terms with the affected unions. Police employees' benefit terms may be subject to binding arbitration in certain circumstances. As of November 1, 2007, the plan was closed to all new entrants.

Employees Covered by Benefit Terms

At the December 31, 2023 valuation date, plan membership consisted of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits	63
Inactive Employees Entitled to but Not Yet Receiving Benefits	6
Active Employees	2
Total Membership	<u>71</u>

Source: City of Northville

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. Accordingly, MERS retains an independent actuary for this purpose, and the City annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees are required to make pension contributions based on the amounts agreed upon in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees.

Net Pension Liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) - (b)
Balances at December 31, 2022	\$ 21,620,730	\$ 17,613,405	\$ 4,007,325
Changes for the Year			
Service Cost	22,139	-	22,139
Interest	1,501,799	-	1,501,799
Experience Differences	(107,889)	-	(107,889)
Changes in assumptions	130,276	-	130,276
Employer Contributions	-	2,735,186	(2,735,186)
Employee Contributions	-	86,502	(86,502)
Net investment income (loss)	-	2,062,540	(2,062,540)
Benefit payments and refunds	(1,834,639)	(1,834,639)	-
Administrative Expense	-	(42,535)	42,535
Net changes	(288,314)	3,007,054	(3,295,368)
Balances at December 31, 2023	\$ 21,332,416	\$ 20,620,459	\$ 711,957

Source: City of Northville

Please see Note 13 – Defined Benefit Pension Plan of the City's June 30, 2024 Financial Statements in Appendix B for additional information.

Other Postemployment Benefits

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 (the "Plan"), a single-employer defined benefit OPEB plan administered by the City. Management of the Plan is vested in the City, as there is no formal governing board over the plans. The Plan does not issue a publicly available financial report.

Benefits Provided

The Plan provides 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, the Plan was closed to new entrants.

Employees Covered by Benefit Terms

At December 31, 2023 (the date of the most recent actuarial report), the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	68
Active Employees	9
Total Membership	<u>77</u>

Source: City of Northville

Contributions

A Retiree Health Care Plan trust has been established for the Plan. Postemployment health care costs for the plan are paid by the trusts on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2024, the Plan made payments for postemployment health benefit premiums of \$662,049. Employees are not required to contribute to the Plan.

Net Pension Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at December 31, 2022	\$ 10,003,902	\$ 11,510,619	\$ (1,506,717)
Changes for the Year			
Service cost	50,891	-	50,891
Interest	682,243	-	682,243
Experience differences	(369,645)	-	(369,645)
Changes in benefit terms	(1,909,257)	-	(1,909,257)
Changes in assumptions	(163,741)	-	(163,741)
Net investment income (loss)	-	1,291,736	(1,291,736)
Benefit payments	(662,049)	(662,049)	-
Administrative expense	-	(23,167)	23,167
Net changes	(2,371,558)	606,520	(2,978,078)
Balances at December 31, 2023	\$ 7,632,344	\$ 12,117,139	\$ (4,484,795)

Source: City of Northville

Please see Note 14 – Other Postemployment Benefits of the City’s June 30, 2024 Financial Statements in Appendix B for additional information.

LABOR CONTRACTS

The City has labor agreements with various employee groups which provide for comprehensive salary, wage, and fringe benefit programs. The City has a history of favorable employee relations. The expiration date of the various contracts are as follows:

Full-Time Staff - Collective Bargaining Unit	Membership	Current Contract Expiration Date
MAPE - Clerical	3	December 31, 2028
MAP - Patrol Officers	8	December 31, 2028
AFSCME - Public Works	8	December 31, 2028
NCOA - Police Command	3	December 31, 2024
Non-Union Employees ⁽¹⁾	22	N/A
Total Permanent City Employees	44	

⁽¹⁾ Excludes (50) seasonal, temporary and paid on-call employees.

Source: City of Northville

UNEMPLOYMENT RATE STATISTICS

The charts below reflect the unadjusted yearly average unemployment statistics for the Counties of Wayne and Oakland and the State of Michigan.

County of Wayne Unadjusted Unemployment Rates 2020 – 2024

	2024	2023	2022	2021	2020
January	4.8%	4.7%	6.0%	9.2%	4.9%
February	4.8%	4.3%	6.1%	8.6%	4.2%
March	4.7%	3.8%	5.0%	8.4%	5.2%
April	4.2%	2.9%	4.4%	8.2%	24.6%
May	4.9%	4.0%	4.7%	8.3%	26.3%
June	5.8%	4.5%	4.8%	9.3%	20.5%
July	7.4%	5.0%	4.7%	9.3%	18.6%
August	5.6%	5.0%	4.6%	8.3%	14.7%
September	5.5%	4.6%	4.1%	7.1%	13.4%
October	6.3%	5.0%	4.2%	6.4%	11.1%
November	6.1%	4.2%	3.7%	5.3%	10.0%
December	5.5%	4.0%	3.8%	5.0%	9.8%
Annual	5.5%	4.4%	4.7%	7.8%	13.6%

Source: Michigan Center for Data and Analytics

County of Oakland Unadjusted Unemployment Rates 2020 – 2024

	2024	2023	2022	2021	2020
January	3.1%	3.2%	3.8%	5.6%	3.1%
February	3.2%	2.9%	3.4%	5.2%	2.8%
March	3.1%	2.5%	3.2%	5.4%	3.6%
April	2.8%	1.9%	2.7%	4.7%	18.7%
May	3.4%	2.8%	3.1%	4.7%	19.4%
June	4.0%	3.2%	3.2%	5.4%	14.8%
July	4.2%	3.3%	2.8%	5.2%	12.6%
August	3.7%	3.4%	3.0%	4.8%	9.3%
September	3.8%	3.2%	2.8%	4.2%	8.3%
October	3.9%	3.2%	2.8%	3.7%	6.6%
November	3.9%	2.7%	2.6%	3.2%	6.0%
December	3.7%	2.6%	2.6%	3.2%	6.2%
Annual	3.6%	2.9%	3.0%	4.6%	9.1%

Source: Michigan Center for Data and Analytics

State of Michigan
Unadjusted Unemployment Rates 2020 – 2024

	2024	2023	2022	2021	2020
January	4.2%	4.8%	5.0%	7.1%	4.3%
February	4.5%	4.6%	4.9%	6.8%	3.8%
March	4.3%	4.1%	4.5%	6.6%	4.9%
April	4.0%	2.9%	4.0%	6.2%	22.8%
May	4.4%	3.8%	4.1%	6.3%	19.7%
June	5.1%	4.1%	4.4%	6.8%	14.7%
July	5.7%	4.3%	4.5%	6.8%	12.7%
August	4.9%	4.2%	4.3%	6.1%	9.5%
September	4.6%	3.9%	3.8%	5.2%	8.3%
October	4.8%	4.2%	3.7%	4.5%	6.5%
November	4.8%	3.6%	3.5%	4.0%	6.2%
December	5.0%	3.5%	3.8%	4.2%	7.1%
Annual	4.7%	3.9%	4.2%	5.9%	10.0%

Source: Michigan Center for Data and Analytics

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COMPARATIVE BALANCE SHEET

City of Northville Comparative Balance Sheets Fiscal Years Ended June 30, 2022 – 2024

	Fiscal Year Ended June 30,		
	2022	2023	2024
ASSETS			
Cash and Investments	\$ 3,595,480	\$ 3,295,487	\$ 3,952,787
Receivables			
Property Taxes	2,841	3,109	3,307
Customers	4,015	70	75,678
Accrued Interest	-	3,174	49,847
Other	195,312	125,822	-
Due from Other Governmental Units	133,118	267,948	197,749
Leases	-	-	1,482,916
Due from Component Units	-	1,871	-
Due from Other Funds	93,135	94,374	174,968
Advances to Other Funds	368,500	279,500	188,500
Inventory	26,213	33,780	33,862
Prepaid Expenses and Other Assets	339,142	543,898	488,075
Total Assets	<u>\$ 4,757,756</u>	<u>\$ 4,649,033</u>	<u>\$ 6,647,689</u>
LIABILITIES			
Accounts Payable	\$ 140,494	\$ 252,433	\$ 310,225
Due to Other Governmental Units	1,285	97	92
Refundable Deposits, Bonds, Etc.	327,666	260,989	257,714
Accrued Liabilities and Other	419,129	548,574	602,426
Due to Other Funds	-	-	79,892
Unearned Revenue	636,383	10,264	4,822
Total Liabilities	<u>\$ 1,524,957</u>	<u>\$ 1,072,357</u>	<u>\$ 1,255,171</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	\$ 6,635	\$ 34,142	\$ 18,321
Deferred Lease Amounts	-	-	1,433,542
Total Deferred Inflows of Resources	<u>\$ 6,635</u>	<u>\$ 34,142</u>	<u>\$ 1,451,863</u>
FUND BALANCES			
Nonspendable	\$ 672,051	\$ 857,178	\$ 710,437
Restricted	113,752	119,104	122,454
Committed	-	-	-
Assigned	16,178	31,653	474,904
Unassigned	\$ 2,424,183	\$ 2,534,599	\$ 2,632,860
Total Fund Balances	<u>\$ 3,226,164</u>	<u>\$ 3,542,534</u>	<u>\$ 3,940,655</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,757,756</u>	<u>\$ 4,649,033</u>	<u>\$ 6,647,689</u>

Source: City of Northville

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

City of Northville
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2022 – 2024

	Fiscal Year Ended June 30,		
	2022	2023	2024
REVENUES			
Property Taxes	\$ 5,763,114	\$ 6,059,621	\$ 6,505,281
Intergovernmental	769,333	800,732	868,104
Contributions	-	-	57,288
Licenses and Permits	452,592	442,281	495,736
Charges for Services	1,018,985	1,512,280	1,926,535
Fines and Forfeitures	14,938	10,487	16,273
Investment Income	(86,085)	115,955	374,405
Special Assessments	-	-	-
Rental Income	164,643	163,380	152,257
Other	337,269	327,536	128,338
Total Revenues	<u>\$ 8,434,789</u>	<u>\$ 9,432,272</u>	<u>\$ 10,524,217</u>
EXPENDITURES			
General Government	\$ 1,974,174	\$ 2,665,028	\$ 3,382,750
Public Safety	4,070,016	4,091,213	4,508,488
Public Works	802,932	998,235	1,015,078
Contribution to MERS	350,000	550,000	675,000
Recreation and Cultural	238,990	241,147	248,980
Other Functions			
Capital Outlay			
Debt Service - Principal	52,744	52,523	49,000
Debt Service - Interest and Fiscal Charges	-	-	3,277
Total Expenditures	<u>\$ 7,488,856</u>	<u>\$ 8,598,146</u>	<u>\$ 9,882,573</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 945,933</u>	<u>\$ 834,126</u>	<u>\$ 641,644</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 2,205	\$ 33,075	\$ 73,300
Transfers Out	(756,249)	(550,831)	(352,876)
Proceeds from Sale of Capital Assets	-	-	162
Total Other Financing Sources (Uses)	<u>\$ (754,044)</u>	<u>\$ (517,756)</u>	<u>\$ (279,414)</u>
NET CHANGE IN FUND BALANCES	191,889	316,370	362,230
FUND BALANCE, BEGINNING OF YEAR ⁽¹⁾	<u>\$ 3,034,275</u>	<u>\$ 3,226,164</u>	<u>\$ 3,578,425</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,226,164</u>	<u>\$ 3,542,534</u>	<u>\$ 3,940,655</u>

⁽²⁾ Adjusted beginning balance for fiscal year ended June 30, 2024.

Source: City of Northville

APPENDIX B

CITY OF NORTHVILLE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2024

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and, accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.



Year Ended
June 30, 2024

Financial
Statements and
Supplementary
Information

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CITY OF NORTHVILLE, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

November 19, 2024

Honorable Mayor and City Council
City of Northville, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Northville, Michigan** (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NORTHVILLE, MICHIGAN

Management's Discussion and Analysis

As management of the City of Northville, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

· Total net position	\$ 57,602,717
· Change in total net position	9,073,845
· Fund balances, governmental funds	15,292,892
· Change in fund balances, governmental funds	115,770
· Unassigned fund balance, general fund	2,632,860
· Change in fund balance, general fund	362,230
· Installment debt outstanding	1,928,000
· Change in installment debt	(509,000)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and recreation and culture. The business-type activities of the City include water and sewer, refuse and recycling, and housing commission.

The government-wide financial statements include, not only the City itself (known as the primary government), but also two legally separate entities in its financial statements: the Downtown Development Authority and the Brownfield Redevelopment Authority, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF NORTHVILLE, MICHIGAN

Management's Discussion and Analysis

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and two other major funds: public improvement and fire equipment. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements following the required supplementary information.

The City adopts an annual budget in accordance with the General Appropriation Act for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains three individual enterprise funds. The City's water and sewer, refuse and recycling, and housing commission funds are all shown as major enterprise funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for municipal equipment and employees' accumulated compensation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, refuse and recycling, and housing commission. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

CITY OF NORTHVILLE, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57,602,717 at the close of the most recent financial year.

By far the largest portion of the City's net position reflects its investment in capital assets (land, buildings, vehicles & equipment, water and sewer infrastructure) less any debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to the citizens. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position.

Previously, the housing commission fund and the housing capital outlay fund were reported as governmental activities. During the current fiscal year, those funds were combined into one enterprise fund. That change explains why there are significant changes in the assets, net position, and changes in net position in business type activities. See additional information in Note 18 to the financial statements.

In condensed format, the table below shows the comparison of net position as of June 30, 2024 to the prior year:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 24,567,395	\$ 21,106,660	\$ 4,701,554	\$ 2,101,391	\$ 29,268,949	\$ 23,208,051
Capital assets, net	24,287,331	25,662,588	9,097,126	6,945,060	33,384,457	32,607,648
Total assets	48,854,726	46,769,248	13,798,680	9,046,451	62,653,406	55,815,699
Deferred outflows of resources	2,195,186	3,419,536	415,561	407,229	2,610,747	3,826,765
Long-term liabilities	2,954,310	6,339,208	139,826	450,539	3,094,136	6,789,747
Other liabilities	1,940,773	1,404,002	500,723	345,668	2,441,496	1,749,670
Total liabilities	4,895,083	7,743,210	640,549	796,207	5,535,632	8,539,417
Deferred inflows of resources	2,075,049	1,617,167	50,755	129,799	2,125,804	1,746,966
Net position:						
Net investment in capital assets	22,359,331	23,225,587	9,097,126	6,945,060	31,456,457	30,170,647
Restricted	5,496,344	1,479,759	788,239	-	6,284,583	1,479,759
Unrestricted	16,224,105	16,123,061	3,637,572	1,582,614	19,861,677	17,705,675
Total net position	\$ 44,079,780	\$ 40,828,407	\$ 13,522,937	\$ 8,527,674	\$ 57,602,717	\$ 49,356,081

CITY OF NORTHVILLE, MICHIGAN

Management's Discussion and Analysis

The City's total net position increased by \$9.1 million during the fiscal year ended June 30, 2024. The table below shows the comparison of changes in net position to the prior year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 2,279,728	\$ 2,974,657	\$ 5,482,988	\$ 4,474,284	\$ 7,762,716	\$ 7,448,941
Operating grants	2,317,750	355,948	-	-	2,317,750	355,948
Capital grants	375,000	188,816	87,000	626,119	462,000	814,935
General revenues:						
Property taxes	7,633,363	7,134,311	-	-	7,633,363	7,134,311
State shared revenues	1,557,802	1,531,392	-	-	1,557,802	1,531,392
Unrestricted investment income	1,004,682	387,686	167,378	21,727	1,172,060	409,413
Gain on sale of capital assets	324,806	-	-	-	324,806	-
Miscellaneous	622,483	564,852	134,692	-	757,175	564,852
Total revenues	16,115,614	13,137,662	5,872,058	5,122,130	21,987,672	18,259,792
Expenses:						
General government	2,789,857	2,559,475	-	-	2,789,857	2,559,475
Public safety	1,546,270	2,849,636	-	-	1,546,270	2,849,636
Public works	4,057,903	3,283,469	-	-	4,057,903	3,283,469
Senior housing	-	788,228	-	-	-	788,228
Recreation and culture	314,335	247,148	-	-	314,335	247,148
Interest on long-term debt	65,842	77,320	-	-	65,842	77,320
Water and sewer	-	-	2,786,450	3,071,027	2,786,450	3,071,027
Refuse and recycling	-	-	626,384	666,401	626,384	666,401
Housing commission	-	-	726,786	-	726,786	-
Total expenses	8,774,207	9,805,276	4,139,620	3,737,428	12,913,827	13,542,704
Change in net position, before transfers	7,341,407	3,332,386	1,732,438	1,384,702	9,073,845	4,717,088
Transfers	(1,318,432)	-	1,318,432	-	-	-
Change in net position	6,022,975	3,332,386	3,050,870	1,384,702	9,073,845	4,717,088
Net position - beginning, as adjusted	38,056,805	37,496,021	10,472,067	7,142,972	48,528,872	44,638,993
Net position - ending	\$ 44,079,780	\$ 40,828,407	\$ 13,522,937	\$ 8,527,674	\$ 57,602,717	\$ 49,356,081

Governmental activities increased the City's net position by \$6.0 million. The key elements of this increase are directly related to one-time grant revenues and contributions, investment income, and gain on sale of assets. Federal grant funding was utilized for updating the historic district guidelines, updating the City's non-motorized plan, improvements at Allen Terrace, and police vests. State, local, and other grants and contributions were received to offset technology-related security improvements, park improvements, and fire equipment. Also received were development-related grants and contributions for Brownfield related activities and daylighting the river.

Interest rates remained at a high level which produced positive market rate adjustments recognized in the investment portfolio. The City sold a public parking lot land to a developer resulting in a positive gain on sale of capital assets.

Business-type activities increased the City's net position by \$3.1 million. Almost half of that increase, or \$1.3 million, was a result of transferring the housing commission net position from governmental to business-type activities. The increase in charges for services was directly related to the housing commission.

CITY OF NORTHVILLE, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the City's Funds

An analysis of the City's major funds follows the government-wide financial statements. The fund level financial statements provide detailed information on the most significant funds, not the City as a whole. The City's major funds for fiscal year 2024 include the general fund, public improvement fund, and fire equipment fund.

The general fund's fund balance increased \$362,230 this fiscal year. For financial reporting purposes, the general fund includes several other funds including the interfund investment pool fund, the payroll fund, the fire safekeeping fund, the sustainability revolving fund, and the insurance retention fund. The combined fund balance increase is comprised of the following funds:

- General fund	\$ 605,544
- Fire safekeeping	(2,122)
- Sustainability revolving	(3,085)
- Insurance retention	(238,107)

A portion of the general fund surplus was assigned for unspent developer costs, additional pension contribution, public works and equipment, and other purposes. The remaining portion will be added to the unassigned fund balance to maintain fund balance at 30 percent of expenditures. That level is encouraged in an attempt to get the City's bond rating at AAA before the next bond issuance planned for Spring 2025.

The public improvement fund's fund balance increased \$214,668. This was the final year that the City received racetrack breakage. That will no longer be a source of revenue due to the racetrack being sold to a developer. Grants were received for daylighting the river and the Ford Field gateway project. A contribution was received from the developer for a future farmers market. Other contributions have been received for the Ford Field playground replacement project. Ending fund balance is approximately \$5.2 million which is all committed for specific projects, many of which are currently underway.

The fire equipment fund's fund balance is approximately \$2.2 million. The costs for fire equipment, especially vehicles, is very high. Therefore, the City has established a twenty-year replacement plan. The City of Plymouth does share in the costs of non-vehicle equipment replacement.

General Fund Budgetary Highlights

The fiscal year 2024 general fund budget estimated revenues at \$9.4 million and the final amended budget estimated them at \$10.4 million. Actual revenues came in at \$10.5 million. Half of the overall increase in general fund revenue was due to favorable investment income. Additionally, grant revenue was received that was not expected until next fiscal year for \$48,000.

Property taxes were lower than originally estimated by approximately \$15,000. Licenses, fees, and permits were \$94,000 greater than the original budget primarily due to building department activity and engineering review fees. Sales and service revenues were significantly higher than original projections due to developer payments.

Expenditures were less than expected due to the following factors: receipt of developer payments in advance of engineering work performed, delay in police department hiring of new officer, and close monitoring of expenditures by department heads.

CITY OF NORTHVILLE, MICHIGAN

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$33,384,457 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings, vehicles, machinery and equipment, water and sewer lines, and parking systems. Net capital assets for governmental activities decreased by 5%, primarily due to the reclassification of housing commission assets from governmental to business-type. Net capital assets for business-type activities increased 31% primarily due to the same reason along with additional investment in water main replacements.

Major capital asset transactions during the current fiscal year included painting of the water tower, road and water main replacement on Yerkes, the replacement of city entrance signs, new offices in the lower-level of City Hall, addition of columbaria at Rural Hill cemetery, and new equipment for public works, fire, police, and City Hall.

	Capital Assets (net)					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,467,236	\$ 3,611,236	\$ -	\$ -	\$ 3,467,236	\$ 3,611,236
Construction in progress	791,207	128,200	262,273	31,581	1,053,480	159,781
Other nondepreciable assets	119,972	119,972	-	-	119,972	119,972
Roads, sidewalks, and bridges	11,999,075	12,441,710	-	-	11,999,075	12,441,710
Parking system	2,723,055	2,918,652	-	-	2,723,055	2,918,652
Buildings and improvements	1,128,321	2,485,438	1,328,483	-	2,456,804	2,485,438
Machinery and equipment	492,966	413,034	130,408	-	623,374	413,034
Vehicles	1,667,434	1,702,750	-	-	1,667,434	1,702,750
Streetscape	1,898,065	1,841,596	-	-	1,898,065	1,841,596
Water and sewer lines	-	-	7,363,690	6,905,186	7,363,690	6,905,186
Refuse and recycling system	-	-	12,272	8,293	12,272	8,293
Total	\$ 24,287,331	\$ 25,662,588	\$ 9,097,126	\$ 6,945,060	\$ 33,384,457	\$ 32,607,648

Long-term Debt

Long-term debt decreased \$509,000 as a result of scheduled debt payments. There are two outstanding bond issues and one installment purchase agreement. The 2013 unlimited tax general obligation bonds were issued to pay for the downtown streetscape improvements. The Downtown Development Authority has committed its tax increment revenues to pay the annual payments. The final payment will occur next fiscal year. The 2018 unlimited tax general obligation bonds were approved by the voters in 2017 to pay for \$3 million of street improvements. The final installment is due in fiscal year 2029. An installment purchase agreement was utilized to finance an aerial fire truck purchased jointly with the City of Plymouth. The debt will be paid off a year early, in fiscal year 2025, since the truck was sold to Northville Township in October 2024.

A new bond issue is planned for Spring 2025 to begin funding necessary water infrastructure improvements.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 1,825,000	\$ 2,285,000	\$ -	\$ -	\$ 1,825,000	\$ 2,285,000
Installment purchase agreements	103,000	152,000	-	-	103,000	152,000
Total	\$ 1,928,000	\$ 2,437,000	\$ -	\$ -	\$ 1,928,000	\$ 2,437,000

CITY OF NORTHVILLE, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

Strategic priorities approved by City Council guide the annual budget plan. The budget as originally approved for fiscal year 2025, has general fund revenues exceeding expenditures by \$33,342. The budget does include an additional pension contribution and transfers to other funds for capital purchases or improvement projects.

The 2025 fiscal year approved tax millage is reduced due to a Headlee rollback to 12.9231 mills, down from 13.0182 in the prior year. The total general fund tax revenues are expected to increase \$371,000.

State Shared Revenues and Act 51 revenues are both expected to increase slightly.

Personnel costs are the largest category of expenditures. All four labor contracts are set to expire on December 31, 2024. It is not known what financial impact those contract negotiations will have on the 2025 budget and beyond. Health care rates for actives are increasing 14.5%.

The OPEB plan is 158% funded and the pension plan is 104% funded. The goal is to achieve 120% funding in the pension plan. Therefore, additional pension contributions will be planned for to reach that goal more quickly.

Street improvements will continue to be planned for utilizing monies received from a dedicated millage approved by the voters in 1997.

The City continues to place an importance on its infrastructure in fiscal year 2025. The City has \$17.5 of budgeted costs in its capital improvement plan ("CIP"). The CIP includes \$9.4 million in water infrastructure improvements, \$2.1 million in street improvements, \$3.8 million in park and open area improvements, and \$2.2 million on building improvements, equipment and vehicles.

Requests for Information

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.

BASIC FINANCIAL STATEMENTS

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CITY OF NORTHVILLE, MICHIGAN

Statement of Net Position

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 15,451,774	\$ 2,970,815	\$ 18,422,589	\$ 516,002
Receivables, net	3,858,390	1,419,122	5,277,512	32,427
Interfunds	720,458	(720,458)	-	-
Prepaid items and other assets	615,217	243,836	859,053	5,383
Land held for sale	225,000	-	225,000	-
Net OPEB asset	3,696,556	788,239	4,484,795	-
Capital assets not being depreciated	4,378,415	262,273	4,640,688	-
Capital assets being depreciated, net	19,908,916	8,834,853	28,743,769	-
Total assets	48,854,726	13,798,680	62,653,406	553,812
Deferred outflows of resources				
Deferred pension amounts	1,805,403	297,662	2,103,065	-
Deferred OPEB amounts	389,783	117,899	507,682	-
Total deferred outflows of resources	2,195,186	415,561	2,610,747	-
Liabilities				
Accounts payable and accrued liabilities	1,664,319	500,723	2,165,042	71,638
Unearned revenue	276,454	-	276,454	17,500
Bonds, notes, and other long-term liabilities:				
Due within one year	684,240	17,139	701,379	74,631
Due in more than one year	1,792,299	49,378	1,841,677	1,176
Net pension liability (due in more than one year)	477,771	73,309	551,080	-
Total liabilities	4,895,083	640,549	5,535,632	164,945
Deferred inflows of resources				
Deferred OPEB amounts	41,816	50,755	92,571	-
Deferred lease amounts	2,033,233	-	2,033,233	-
Total deferred inflows of resources	2,075,049	50,755	2,125,804	-
Net position				
Net investment in capital assets	22,359,331	9,097,126	31,456,457	-
Restricted for:				
Roads, streets, drainage, and sidewalk improvements	1,677,334	-	1,677,334	-
Police forfeitures	121,608	-	121,608	-
PEG fees	846	-	846	-
Other postemployment benefits	3,696,556	788,239	4,484,795	-
Unrestricted	16,224,105	3,637,572	19,861,677	388,867
Total net position	\$ 44,079,780	\$ 13,522,937	\$ 57,602,717	\$ 388,867

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 2,789,857	\$ 721,883	\$ 1,982,549	\$ -	\$ (85,425)
Public safety	1,546,270	943,923	130,987	-	(471,360)
Public works	4,057,903	613,922	204,214	375,000	(2,864,767)
Recreation and culture	314,335	-	-	-	(314,335)
Interest on long-term debt	65,842	-	-	-	(65,842)
Total governmental activities	8,774,207	2,279,728	2,317,750	375,000	(3,801,729)
Business-type activities:					
Water and sewer	2,786,450	3,847,509	-	87,000	1,148,059
Refuse and recycling	626,384	678,059	-	-	51,675
Housing commission	726,786	957,420	-	-	230,634
Total business-type activities	4,139,620	5,482,988	-	87,000	1,430,368
Total primary government	\$ 12,913,827	\$ 7,762,716	\$ 2,317,750	\$ 462,000	\$ (2,371,361)
Component units					
Downtown Development Authority	\$ 1,113,654	\$ -	\$ -	\$ -	\$ (1,113,654)
Brownfield Redevelopment Authority	48,406	-	-	-	(48,406)
Total component units	\$ 1,162,060	\$ -	\$ -	\$ -	\$ (1,162,060)

continued...

CITY OF NORTHVILLE, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (3,801,729)	\$ 1,430,368	\$ (2,371,361)	\$ (1,162,060)
General revenues:				
Property taxes	7,633,363	-	7,633,363	904,080
State shared revenues and grants	1,557,802	-	1,557,802	32,521
Unrestricted investment income	1,004,682	167,378	1,172,060	48,131
Gain on sale of capital assets	324,806	-	324,806	2,946
Miscellaneous	622,483	134,692	757,175	154,796
Transfers	(1,318,432)	1,318,432	-	-
Total general revenues and transfers	9,824,704	1,620,502	11,445,206	1,142,474
Change in net position	6,022,975	3,050,870	9,073,845	(19,586)
Net position, beginning of year, as previously reported	40,828,407	8,527,674	49,356,081	408,453
Changes within the financial reporting entity	(2,771,602)	1,944,393	(827,209)	-
Net position, beginning of year, as adjusted	38,056,805	10,472,067	48,528,872	408,453
Net position, end of year	<u>\$ 44,079,780</u>	<u>\$ 13,522,937</u>	<u>\$ 57,602,717</u>	<u>\$ 388,867</u>

concluded

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2024

	Capital Projects Funds				
	General	Public Improvement	Fire Equipment	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,952,787	\$ 4,693,402	\$ 2,245,018	\$ 3,826,921	\$ 14,718,128
Receivables:					
Taxes	3,307	-	-	-	3,307
Special assessments	-	-	-	55,000	55,000
Accounts	75,678	321,643	1,078	2,779	401,178
Interest	49,847	-	-	-	49,847
Due from other governments	197,749	888,638	-	117,997	1,204,384
Leases	1,482,916	-	-	-	1,482,916
Due from other funds	174,968	-	-	-	174,968
Advances to other funds	188,500	-	-	-	188,500
Inventory	33,862	-	-	8,466	42,328
Prepaid items	488,075	-	-	8,789	496,864
Land held for sale	-	225,000	-	-	225,000
Total assets	<u>\$ 6,647,689</u>	<u>\$ 6,128,683</u>	<u>\$ 2,246,096</u>	<u>\$ 4,019,952</u>	<u>\$ 19,042,420</u>
Liabilities					
Accounts payable	\$ 310,225	\$ 407,996	\$ 6,851	\$ 40,085	\$ 765,157
Due to other governments	92	-	-	-	92
Deposits and escrow	257,714	-	-	-	257,714
Accrued and other liabilities	602,426	463	-	12,819	615,708
Due to other funds	79,892	-	-	-	79,892
Unearned revenue	4,822	271,327	-	-	276,149
Total liabilities	<u>1,255,171</u>	<u>679,786</u>	<u>6,851</u>	<u>52,904</u>	<u>1,994,712</u>
Deferred inflows of resources					
Unavailable revenue	18,321	254,828	-	48,125	321,274
Deferred lease amounts	1,433,542	-	-	-	1,433,542
Total deferred inflows of resources	<u>1,451,863</u>	<u>254,828</u>	<u>-</u>	<u>48,125</u>	<u>1,754,816</u>
Fund balances					
Nonspendable	710,437	-	-	17,255	727,692
Restricted	122,454	-	-	1,675,648	1,798,102
Committed	-	5,194,069	2,239,245	2,226,020	9,659,334
Assigned	474,904	-	-	-	474,904
Unassigned	2,632,860	-	-	-	2,632,860
Total fund balances	<u>3,940,655</u>	<u>5,194,069</u>	<u>2,239,245</u>	<u>3,918,923</u>	<u>15,292,892</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,647,689</u>	<u>\$ 6,128,683</u>	<u>\$ 2,246,096</u>	<u>\$ 4,019,952</u>	<u>\$ 19,042,420</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Fund balances for governmental funds \$ 15,292,892

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 therefore are not reported in the fund statement.

Capital assets not being depreciated	4,378,415
Capital assets being depreciated, net	19,341,271

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Deferred long-term receivables	321,274
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Internal service funds are used by management to charge the costs of certain centralized costs to individual funds. The assets and liabilities are included in governmental activities.

Net position of internal service funds	1,413,516
Internal service fund net position accounted for in business-type activities	436,882

Certain liabilities, such as bonds, notes, and other long-term liabilities, are not due and payable in the current period, and therefore are not reported in the funds.

Accrued interest on bonds	(13,976)
Bonds, notes, and other long-term liabilities	(1,928,000)
Compensated absences	(534,649)

Certain pension and other postemployment benefit-related amounts, such as the net pension liability, the net other postemployment benefit asset and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

Net pension liability	(477,771)
Deferred outflows of resources related to the net pension liability	1,805,403
Net other postemployment benefit asset	3,696,556
Deferred outflows of resources related to the net other postemployment benefit	389,783
Deferred inflows of resources related to the net other postemployment benefit asset	(41,816)

Net position of governmental activities \$ 44,079,780

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds
For the Year Ended June 30, 2024

	General	Special Revenue Funds		Capital Projects Funds	
		(Formerly Major Fund) Local Streets	(Formerly Major Fund) Parking	Public Improvement	Fire Equipment
Revenues					
Property taxes	\$ 6,505,281			\$ -	\$ -
Licenses and permits	495,736			-	-
Intergovernmental	868,104			1,189,595	19,263
Contributions	57,288			444,902	98,785
Charges for services	1,926,535			3,485	-
Fines and forfeitures	16,273			-	-
Investment income	374,405			267,118	102,748
Special assessments	-			-	-
Rental income	152,257			-	-
Other	128,338			171,087	-
Total revenues	<u>10,524,217</u>			<u>2,076,187</u>	<u>220,796</u>
Expenditures					
Current:					
General government	3,382,750			13,784	-
Public safety	4,508,488			-	-
Public works	1,015,078			-	-
Contribution to MERS	675,000			-	-
Recreation and culture	248,980			-	-
Debt service:					
Principal	49,000			-	-
Interest and fiscal charges	3,277			-	-
Capital outlay	-			2,173,653	42,320
Total expenditures	<u>9,882,573</u>			<u>2,187,437</u>	<u>42,320</u>
Revenues over (under) expenditures	<u>641,644</u>			<u>(111,250)</u>	<u>178,476</u>
Other financing sources (uses)					
Proceeds from sale of capital assets	162			460,892	5,000
Transfers in	73,300			76,064	167,567
Transfers out	(352,876)			(211,038)	-
Total other financing sources (uses)	<u>(279,414)</u>			<u>325,918</u>	<u>172,567</u>
Net change in fund balances	<u>362,230</u>			<u>214,668</u>	<u>351,043</u>
Fund balances, beginning of year, as previously reported	3,542,534	\$ 295,662	\$ 550,225	4,979,401	1,888,202
Changes within the reporting entity	35,891	(295,662)	(550,225)	-	-
Fund balances, beginning of year, as adjusted	<u>3,578,425</u>	<u>-</u>	<u>-</u>	<u>4,979,401</u>	<u>1,888,202</u>
Fund balances end of year	<u>\$ 3,940,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,194,069</u>	<u>\$ 2,239,245</u>

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,128,082	\$ 7,633,363
5,015	500,751
775,890	2,852,852
646,575	1,247,550
3,485	1,933,505
-	16,273
207,624	951,895
106,678	106,678
-	152,257
-	299,425
<u>2,873,349</u>	<u>15,694,549</u>
-	3,396,534
-	4,508,488
1,826,870	2,841,948
-	675,000
-	248,980
460,000	509,000
62,565	65,842
136,898	2,352,871
<u>2,486,333</u>	<u>14,598,663</u>
<u>387,016</u>	<u>1,095,886</u>
-	466,054
1,093,747	1,410,678
<u>(2,292,934)</u>	<u>(2,856,848)</u>
<u>(1,199,187)</u>	<u>(980,116)</u>
<u>(812,171)</u>	<u>115,770</u>
4,246,799	15,502,823
484,295	(325,701)
<u>4,731,094</u>	<u>15,177,122</u>
<u>\$ 3,918,923</u>	<u>\$ 15,292,892</u>

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CITY OF NORTHVILLE, MICHIGAN

Reconciliation	
Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities For the Year Ended June 30, 2024	
Net change in fund balances - total governmental funds	\$ 115,770
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	2,020,934
Depreciation expense	(1,779,685)
Proceeds from sale of capital assets	(466,054)
Gain on sale of capital assets	296,285
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Net change in deferred long-term receivables	43,473
Proceeds from bonds, notes, and other long-term liabilities provide current financial resources to governmental funds in the period issued, but issuing bonds, notes, and other long-term liabilities increase long-term liabilities in the statement of net position. Repayment of bonds, notes, and other long-term liabilities principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on bonds, notes, and other long-term liabilities	509,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in accrued interest payable on long-term liabilities	3,730
Change in net pension liability and related deferred amounts	2,132,665
Change in net other postemployment benefit asset and related deferred amounts	2,965,383
Change in compensated absences	(77,018)
Internal service funds are used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.	
Total change in net position of the internal service funds	249,494
Internal service fund change in net position accounted for in business-type activities	8,998
Change in net position of governmental activities	<u>\$ 6,022,975</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance				
Budget and Actual - General Fund For the Year Ended June 30, 2024				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 6,498,794	\$ 6,507,909	\$ 6,505,281	\$ (2,628)
Licenses and permits	401,050	474,780	495,736	20,956
Intergovernmental	814,710	820,272	868,104	47,832
Contributions	50,000	51,910	57,288	5,378
Charges for services	1,373,752	1,939,447	1,926,535	(12,912)
Fines and forfeitures	10,500	14,515	16,273	1,758
Investment income	93,414	297,499	374,405	76,906
Rental income	167,728	150,041	152,257	2,216
Other	-	120,438	128,338	7,900
Total revenues	<u>9,409,948</u>	<u>10,376,811</u>	<u>10,524,217</u>	<u>147,406</u>
Expenditures				
Current:				
General government:				
City Council	30,650	33,645	29,929	(3,716)
City manager and communications	529,410	678,720	678,325	(395)
Finance and administrative services	339,965	369,430	358,319	(11,111)
Technology costs	206,580	255,741	236,279	(19,462)
Tax and assessing	226,515	229,595	226,267	(3,328)
City clerk	134,940	148,245	146,065	(2,180)
City attorney	152,000	238,000	228,909	(9,091)
Elections	138,275	133,775	118,266	(15,509)
Insurance and other	33,740	176,975	378,919	201,944
Planning, zoning, and inspection	491,100	1,195,466	958,554	(236,912)
Central supply	27,470	27,470	22,918	(4,552)
	<u>2,310,645</u>	<u>3,487,062</u>	<u>3,382,750</u>	<u>(104,312)</u>
Public safety:				
Police department	3,517,375	3,451,380	3,342,656	(108,724)
Fire department	<u>1,286,065</u>	<u>1,201,465</u>	<u>1,165,832</u>	<u>(35,633)</u>
	<u>4,803,440</u>	<u>4,652,845</u>	<u>4,508,488</u>	<u>(144,357)</u>
Public works:				
Civic events	45,245	38,205	35,953	(2,252)
Administration	267,695	279,955	275,113	(4,842)
Street lighting	179,885	175,005	168,367	(6,638)
Beautification	4,040	4,985	4,776	(209)
Cemetery	241,950	215,045	203,112	(11,933)
Buildings and grounds	<u>272,710</u>	<u>326,300</u>	<u>327,757</u>	<u>1,457</u>
	<u>1,011,525</u>	<u>1,039,495</u>	<u>1,015,078</u>	<u>(24,417)</u>

continued...

CITY OF NORTHVILLE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Contribution to MERS	\$ 350,000	\$ 675,000	\$ 675,000	\$ -
Recreation and culture	243,925	248,985	248,980	(5)
Debt service:				
Principal	49,000	49,000	49,000	-
Interest and fiscal charges	3,277	3,277	3,277	-
	52,277	52,277	52,277	-
Total expenditures	8,771,812	10,155,664	9,882,573	(273,091)
Revenues over expenditures	638,136	221,147	641,644	420,497
Other financing sources (uses)				
Proceeds from sale of capital assets	-	162	162	-
Transfers in	118,000	156,300	73,300	(83,000)
Transfers out	(379,905)	(352,876)	(352,876)	-
Total other financing sources (uses)	(261,905)	(196,414)	(279,414)	(83,000)
Net change in fund balance	376,231	24,733	362,230	337,497
Fund balance, beginning of year	3,578,425	3,578,425	3,578,425	-
Fund balance, end of year	\$ 3,954,656	\$ 3,603,158	\$ 3,940,655	\$ 337,497

concluded

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Refuse and Recycling	Housing Commission	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 1,086,770	\$ 2,251	\$ 1,881,794	\$ 2,970,815	\$ 733,646
Taxes receivable	63,095	14,194	-	77,289	-
Accounts receivable	1,215,141	98,272	5,450	1,318,863	924
Due from other governments	-	-	22,970	22,970	-
Inventory	129,223	-	-	129,223	66,309
Prepaid items	7,877	1,532	105,204	114,613	9,716
Total current assets	2,502,106	116,249	2,015,418	4,633,773	810,595
Noncurrent assets:					
Leases receivable	-	-	-	-	660,834
Net OPEB asset	408,200	133,872	246,167	788,239	-
Capital assets not being depreciated	220,803	-	41,470	262,273	-
Capital assets being depreciated, net	7,363,690	12,273	1,458,890	8,834,853	567,645
Total noncurrent assets	7,992,693	146,145	1,746,527	9,885,365	1,228,479
Total assets	10,494,799	262,394	3,761,945	14,519,138	2,039,074
Deferred outflows of resources					
Deferred pension amounts	185,536	13,276	98,850	297,662	-
Deferred OPEB amounts	46,208	15,155	56,536	117,899	-
Total deferred outflows of resources	231,744	28,431	155,386	415,561	-
Liabilities					
Current liabilities:					
Accounts payable	308,091	51,382	67,655	427,128	9,693
Deposits and escrow	515	-	42,802	43,317	-
Accrued and other liabilities	14,661	2,774	12,843	30,278	1,979
Unearned revenue	-	-	-	-	305
Due to other funds	95,076	-	-	95,076	-
Compensated absences	13,157	2,968	1,014	17,139	4,843
Total current liabilities	431,500	57,124	124,314	612,938	16,820
Noncurrent liabilities:					
Advances from other funds	188,500	-	-	188,500	-
Compensated absences	24,575	5,543	19,260	49,378	9,047
Net pension liability	48,623	3,479	21,207	73,309	-
Total noncurrent liabilities	261,698	9,022	40,467	311,187	9,047
Total liabilities	693,198	66,146	164,781	924,125	25,867
Deferred inflows of resources					
Deferred OPEB amounts	8,424	2,765	39,566	50,755	-
Deferred lease amounts	-	-	-	-	599,691
Deferred inflows of resources	8,424	2,765	39,566	50,755	599,691
Net position					
Investment in capital assets	7,584,493	12,273	1,500,360	9,097,126	567,645
Restricted for other postemployment benefits	408,200	133,872	246,167	788,239	-
Unrestricted	2,032,228	75,769	1,966,457	4,074,454	845,871
Total net position	\$ 10,024,921	\$ 221,914	\$ 3,712,984	\$ 13,959,819	\$ 1,413,516

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2024

Net position - total enterprise funds \$ 13,959,819

Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as equipment and other centralized costs, to individual funds. A portion of the net position of the internal service funds is allocated to the enterprise funds and reported in the statement of net position.

Net position of business-type activities accounted for in governmental-type internal service funds

(436,882)

Net position of business-type activities \$ 13,522,937

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Refuse and Recycling	Housing Commission	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 3,847,509	\$ 678,059	\$ 957,420	\$ 5,482,988	\$ 321,119
Other	-	-	-	-	101,656
Total operating revenues	3,847,509	678,059	957,420	5,482,988	422,775
Operating expenses					
Personnel services	8,719	(70,565)	127,796	65,950	202,105
Operating and maintenance	2,384,067	690,912	445,674	3,520,653	141,337
Depreciation	375,763	3,728	153,263	532,754	76,650
Total operating expenses	2,768,549	624,075	726,733	4,119,357	420,092
Operating income	1,078,960	53,984	230,687	1,363,631	2,683
Nonoperating revenues (expenses)					
Investment income	68,805	2,826	95,747	167,378	52,786
Interest expense	(7,915)	-	-	(7,915)	-
Gain (loss) on sale of capital assets	(3,350)	-	-	(3,350)	28,521
Other	10,967	-	123,725	134,692	37,766
Total nonoperating revenues (expenses)	68,507	2,826	219,472	290,805	119,073
Income before transfers and capital contributions	1,147,467	56,810	450,159	1,654,436	121,756
Transfers in	-	-	1,318,432	1,318,432	127,738
Capital contributions	87,000	-	-	87,000	-
Change in net position	1,234,467	56,810	1,768,591	3,059,868	249,494
Net position, beginning of year, as previously reported	8,790,454	165,104	-	8,955,558	1,164,022
Change within the reporting entity	-	-	1,944,393	1,944,393	-
Net position, beginning of year, as adjusted	8,790,454	165,104	1,944,393	10,899,951	1,164,022
Net position, end of year	\$ 10,024,921	\$ 221,914	\$ 3,712,984	\$ 13,959,819	\$ 1,413,516

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Reconciliation

Changes in Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended June 30, 2024

Change in net position - total enterprise funds \$ 3,059,868

Amounts reported for *business-type activities* in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as equipment and other centralized costs, to individual funds. A portion of the operating income of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.

Net operating income from business-type activities accounted for in governmental-type internal service funds

(8,998)

Change in net position of business-type activities \$ 3,050,870

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Refuse and Recycling	Housing Commission	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	\$ 3,632,893	\$ 715,473	\$ 952,691	\$ 5,301,057	\$ 318,100
Payments to suppliers/insurance claims	(2,366,247)	(683,255)	(504,650)	(3,554,152)	(171,286)
Payments to employees and fringes	(552,506)	(71,951)	(380,541)	(1,004,998)	(127,594)
Other receipts	-	100	-	100	-
Receipts for interfund transfers and reimbursements	-	-	-	-	50,588
Net cash provided by (used in) operating activities	714,140	(39,633)	67,500	742,007	69,808
Cash flows from noncapital financing activities					
Transfers from other funds	702	-	1,301,142	1,301,844	-
Cash flows from capital and related financing activities					
Receipt of capital grants	-	-	83,618	83,618	-
Lease payments received	-	-	-	-	42,623
Proceeds from sale of capital assets	-	-	-	-	28,521
Purchase of capital assets	(1,026,840)	(7,707)	(130,064)	(1,164,611)	(153,473)
Principal and interest on advance from other fund	(98,911)	-	-	(98,911)	-
Donations and contributions	87,000	-	30,290	117,290	-
Insurance proceeds	10,967	-	27,106	38,073	-
Transfers from other funds	-	-	-	-	127,738
Net cash provided by (used in) capital and related financing activities	(1,027,784)	(7,707)	10,950	(1,024,541)	45,409
Cash flows from investing activities					
Interest received on investments	30,848	1,573	39,580	72,001	12,159
Net realized gains on investments	37,957	1,253	56,167	95,377	17,003
Net cash provided by investing activities	68,805	2,826	95,747	167,378	29,162
Net change in cash and investments	(244,137)	(44,514)	1,475,339	1,186,688	144,379
Cash and investments balances, beginning of year	1,330,907	46,765	406,455	1,784,127	589,267
Cash and investments balances, end of year	\$ 1,086,770	\$ 2,251	\$ 1,881,794	\$ 2,970,815	\$ 733,646

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CITY OF NORTHVILLE, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Refuse and Recycling	Housing Commission	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 1,078,960	\$ 53,984	\$ 230,687	\$ 1,363,631	\$ 2,683
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	375,763	3,728	153,263	532,754	76,650
Changes in assets and liabilities:					
Accounts receivable	(214,614)	37,514	(4,728)	(181,828)	(610)
Inventory	(1,126)	-	-	(1,126)	(2,719)
Prepaid items	(696)	(624)	(120,931)	(122,251)	(323)
Accounts payable	19,641	8,282	61,953	89,876	(10,313)
Accrued and other liabilities	(328,590)	1,233	(130,584)	(457,941)	4,440
Net pension liability or OPEB asset	(215,198)	(143,750)	(122,160)	(481,108)	-
Net cash provided by (used in) operating activities	\$ 714,140	\$ (39,633)	\$ 67,500	\$ 742,007	\$ 69,808

concluded

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2024

	OPEB Trust Funds	Private Purpose Trust Fund Allen Terrace	Custodial Fund Tax Collection
Assets			
Cash and cash equivalents	\$ -	\$ 150,806	\$ 1,125
Investments, at fair value - mutual funds	13,117,505	-	-
Receivables	-	2	-
Total assets	13,117,505	150,808	1,125
Liabilities			
Accounts payable	-	1	1,125
Net position			
Restricted for:			
Other postemployment benefits	13,117,505	-	-
Individuals, organizations, and other governments	-	150,807	-
Total net position	\$ 13,117,505	\$ 150,807	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2024

		Private Purpose Trust Fund	Custodial Fund
	OPEB Trust Funds	Allen Terrace	Tax Collection
Additions			
Investment income:			
From investing activities:			
Net appreciation in fair value of investments	\$ 1,397,796	\$ -	\$ -
Interest and dividends	-	6,922	-
Total investment income	1,397,796	6,922	-
Taxes collected for other governments	-	-	15,278,474
Total additions	1,397,796	6,922	15,278,474
Deductions			
Benefit payments	696,844	-	-
Administrative	25,078	-	-
Rent assistance	-	1,008	-
Payments of taxes to other governments	-	-	15,278,474
Total deductions	721,922	1,008	15,278,474
Change in net position	675,874	5,914	-
Net position, beginning of year	12,441,631	144,893	-
Net position, end of year	\$ 13,117,505	\$ 150,807	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2024

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets			
Cash and cash equivalents	\$ 514,082	\$ 1,920	\$ 516,002
Receivables	1,716	30,711	32,427
Prepaid items	5,383	-	5,383
Total assets	521,181	32,631	553,812
Liabilities			
Accounts payable and accrued liabilities	39,007	32,631	71,638
Unearned revenue	17,500	-	17,500
Compensated absences:			
Due within one year	74,631	-	74,631
Due in more than one year	1,176	-	1,176
Total liabilities	132,314	32,631	164,945
Net position			
Unrestricted	\$ 388,867	\$ -	\$ 388,867

The accompanying notes are an integral part of these financial statements.

CITY OF NORTHVILLE, MICHIGAN

Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2024

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Expenses			
Community development	\$ 1,113,654	\$ 48,406	\$ 1,162,060
General revenues			
Property taxes	904,080	-	904,080
State grants	-	32,521	32,521
Unrestricted investment income	48,130	1	48,131
Gain on sale of capital assets	2,946	-	2,946
Miscellaneous	138,912	15,884	154,796
Total general revenues	<u>1,094,068</u>	<u>48,406</u>	<u>1,142,474</u>
Change in net position	(19,586)	-	(19,586)
Net position, beginning of year	<u>408,453</u>	<u>-</u>	<u>408,453</u>
Net position, end of year	<u>\$ 388,867</u>	<u>\$ -</u>	<u>\$ 388,867</u>

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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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 government and its component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government (see discussion below for description).

Discretely Presented Component Units. The component units column in the government-wide financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the officials of the primary government are financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's Board, and either (a) the ability to impose the will of the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Downtown Development Authority (the "DDA"). 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 DDA does not issue separate financial statements.

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

Fiduciary Component Units

The *Retiree Healthcare 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 Healthcare Plan is reported as of its December 31 year end.

The *Parks and Recreation Retiree Healthcare 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 Healthcare Plan is reported as of its December 31 year end.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Jointly Governed Organizations

The City sponsors a pension plan and postretirement benefit plan on behalf of the Parks and Recreation Commission. There are no active Parks and Recreation Commission employees in the plan sponsored by the City. The Parks and 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 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 District Court Authority 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 2024, the City paid \$898,353 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.

Government-wide and Fund Financial Statements

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *public improvement fund* accounts for grant revenue and breakage revenue to the extent that it exceeds the cost of providing police and fire service at the racetrack. The expenditures in this fund are primarily for public improvement projects.

The *fire equipment fund* sets aside funds to meet the needs of capital equipment in the fire department over the next 20 years to keep equipment up to current standards.

The government reports the following major proprietary 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.

The *housing commission fund* manages Allen Terrace, an apartment community for senior citizens age 62 and older. Property maintenance and administrative services are provided to tenants in exchange for rent.

Additionally, the government reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Internal service funds are used to account for centralized costs provided to other departments on a cost-reimbursement basis.

The *OPEB trust funds* accumulate resources for current and future retiree healthcare payments to retirees.

The *private purpose trust fund* provides rental subsidies for eligible Allen Terrace residents.

The *custodial fund* is used to account for monies held by the City in a custodial capacity for individuals, private organizations and other governments, specifically funds from property tax collections.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the proprietary funds relate to 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 revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the other employee benefit trust fund to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

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 2023 taxable valuation of the City totaled \$479 million (net of captured taxable value of \$32.0 million), on which taxes levied consisted of 13.0182 mills for operating purposes, 1.6216 mills for street improvements, and 0.7355 mills for debt service. The ad valorem taxes levied raised approximately \$6.2 million for operations; \$775,000 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 are recognized in the street, drainage, and sidewalk improvement fund.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financials.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets 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 cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Leases

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

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to its pension and other postemployment benefit liabilities/assets.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and annual leave pay benefits. All vacation and annual leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to its pension and other postemployment benefit liabilities. The governmental funds also report unavailable revenues, which arises only under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Finally, the statements of net position and governmental funds balance sheets report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

Fund Balances

The fund balance classifications are reported primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Nonspendable fund balance represents amounts that are not in a spendable form. In the fund financial statements, governmental funds report restrictions on fund balances for amounts that are legally restricted by outside parties for a specific purpose. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission (the City's highest level of decision-making authority). A formal resolution of the City Commission is required to establish, modify, or rescind a fund balance commitment. Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council has delegated the authority to assign fund balance to the Finance Director or City Manager. Unassigned fund balance is the residual classification for the general fund. In other funds, the unassigned classification should be only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City's 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.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit plans, and pension and other postemployment benefit expenses, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

Use of Estimates

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

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

State Construction Code Act

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

Cumulative shortfall at July 1, 2023	\$ (248,524)
Current year building permit revenue	285,490
Related expenditures:	
Direct costs	190,042
Estimated indirect costs	115,871
Total construction code expenditures	305,913
Net deficit for the year ended June 30, 2024	(20,423)
Cumulative shortfall at June 30, 2024	\$ (268,947)

3. 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.

Based upon presentations by the city staff and discussion between the Mayor and City Council, strategic priorities are set by the City Council for the next two years and reviewed and amended quarterly.

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.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

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.

Expenditures in Excess of Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. Excess of expenditures or transfers out over appropriations in individual funds are as follows:

	Final Budget	Actual	Excess
General fund			
Current:			
General government - insurance and other	\$ 176,975	\$ 378,919	\$ 201,944
Public works - buildings and grounds	326,300	327,757	1,457

4. DEPOSITS AND INVESTMENTS

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

The City has designated three banks for the deposit of its funds. The investment policy adopted by the City Council, in accordance with Public Act 20 of 1943, has authorized investment in bonds and securities of the United States government, bank accounts, commercial paper, and certificates of deposit, but not the remainder of State statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

At year-end the City's deposits and investments were reported in the basic financial statements in the following categories:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 18,422,589	\$ 516,002	\$ 18,938,591
Statement of Fiduciary Net Position			
Cash and cash equivalents	151,931	-	151,931
Investments	13,117,505	-	13,117,505
	13,269,436	-	13,269,436
Total	\$ 31,692,025	\$ 516,002	\$ 32,208,027

Deposits and Investments

Bank deposits (checking and savings accounts)	\$ (488,458)
Certificates of deposit (due within one year)	265,909
Cash on hand	450
Investments:	
City investment pool:	
U.S. treasuries	850,201
U.S. agencies	7,849,391
Municipal bonds	1,924,669
Money market funds	1,673,936
Michigan CLASS government investment pool	5,470,333
Local government investment pool (J Fund)	1,544,091
Retiree healthcare trust -	
MERS Retiree Healthcare Funding Vehicle	13,117,505
Total	\$ 32,208,027

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Investment and Deposit Risk

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. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City's weighted average maturity dates for investments subject to interest rate risk are disclosed below:

	Fair Value	Weighted Average Maturity
City investment pool:		
U.S. treasuries	\$ 850,201	877 days
U.S. agencies	7,849,391	847 days
Municipal bonds	1,924,669	513 days
Total	<u>\$ 10,624,261</u>	

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The City's investments in U.S. treasuries, U.S. agencies, municipal bonds, money market funds, and Michigan CLASS were rated as follows:

	Amount	Rating (S&P)
City investment pool:		
U.S. treasuries	\$ 850,201	AA+
U.S. agencies	7,849,391	AA+
Municipal bonds	114,829	AAA
Municipal bonds	694,160	AA+
Municipal bonds	1,115,680	AA
Money market funds	1,673,936	AAAm
Michigan CLASS government investment pool	5,470,333	AAAm
Total	<u>\$ 17,768,530</u>	

The City's investment in the Local Government Investment Pool (J Fund) through Comerica is not rated.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. 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. As of June 30, 2024, none of the City's bank balance of \$431,960 was exposed to custodial credit risk because it was all insured and collateralized.

Custodial Credit Risk – Investments. As of June 30, 2024, the City's investments consisted of government obligations, pooled investments, and other assets totaling \$19,312,621 for the City Investment Pool and \$13,117,505 for the Retiree Healthcare Trust. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2024, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. It is the City's policy to diversify its investment portfolio with a goal of 5% 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, 2024, the City's investment pool was concentrated as follows:

Investment Type	Issuer	Amount	% of Portfolio
U.S. agencies	Federal Farm Credit Bank	\$ 5,046,963	26.13%
U.S. agencies	Federal Home Loan Bank	2,411,198	12.49%

Foreign Currency Risk. Foreign Currency Risk is the possibility that changes (up or down) in exchange rates will adversely affect the market value of an investment. Many factors can affect foreign currencies including: political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards and limited availability of information. These risks may be greater with respect to securities of companies located in emerging market countries. Investments in securities of issuers located in emerging market countries tend to be more volatile than investments in securities of issuers located in developed foreign countries. The City's investment pool had no exposure to foreign currency risk at June 30, 2024 insofar as none of the City's investments were denominated in foreign currencies.

Fair Value Measurements. The City categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the City.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

The City had the following recurring fair value measurements as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
City investment pool:				
U.S. treasuries	\$ -	\$ 850,201	\$ -	\$ 850,201
U.S. agencies	-	7,849,391	-	7,849,391
Municipal bonds	-	1,924,669	-	1,924,669
Retiree healthcare trust - MERS Retiree Healthcare Funding Vehicle	13,117,505	-	-	13,117,505
Total investments at fair value	\$ 13,117,505	\$ 10,624,261	\$ -	23,741,766
Investments measured at NAV				
Michigan CLASS investment pool				5,470,333
Total investments				\$ 29,212,099

Pooled Investments Similar to Rule 2a7 - For the year ended June 30, 2024, the City had investments in bank pools totaling \$3,218,027 which are recorded at amortized cost in accordance with GASB Statement No. 79, *Certain Investment Pools and Pool Participants*, and are not included in the fair value tables above. These investments are held in the Local Government Investment Pool (J Fund) at Comerica and Federated Treasury Obligation Fund (Money Market Fund) and are not subject to any limitations or restrictions on withdrawals.

The City holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient. At year end, the net asset value of the City's investment in Michigan CLASS was \$5,470,333. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, highgrade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and 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.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 16,381	\$ 77,289	\$ -
Special assessments	55,000	-	-
Accounts	402,102	1,318,863	-
Interest	49,847	-	-
Due from other governments	1,204,384	22,970	32,427
Leases receivable	2,143,750	-	-
Less: allowance for uncollectibles	(13,074)	-	-
	\$ 3,858,390	\$ 1,419,122	\$ 32,427
Amounts not expected to be collected within one year	\$ 2,173,064	\$ -	\$ -

6. PAYABLES

Accounts payable and accrued liabilities are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 774,850	\$ 427,128	\$ 57,952
Due to other governments	92	-	-
Deposits and escrow	257,714	43,317	-
Accrued and other liabilities	617,687	30,278	13,686
Accrued interest	13,976	-	-
	\$ 1,664,319	\$ 500,723	\$ 71,638

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

7. INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2024, is as follows:

	Due from Other funds	Due to Other funds
General	\$ 174,968	\$ 79,892
Water and sewer	-	95,076
	<u>\$ 174,968</u>	<u>\$ 174,968</u>

Due to/due from other funds balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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 \$95,076 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:

Year Ended June 30,	Principal	Interest
2025	\$ 91,000	\$ 6,988
2026	93,000	4,713
2027	<u>95,500</u>	<u>2,388</u>
	<u>\$ 279,500</u>	<u>\$ 14,089</u>

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

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

Fund Transferred from	Fund Transferred To	Amount
General	Public improvement	\$ 76,064
	Fire	137,567
	Nonmajor governmental	71,955
	Housing commission	17,290
	Internal service	<u>50,000</u>
		<u>352,876</u>
Public improvement	General	73,300
	Fire	30,000
	Nonmajor governmental	30,000
	Internal service	<u>77,738</u>
		<u>211,038</u>
Nonmajor governmental	Nonmajor governmental	991,792
	Housing commission	<u>1,301,142</u>
		<u>2,292,934</u>
		<u>\$ 2,856,848</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

8. CAPITAL ASSETS

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

	Beginning Balance *	Additions	Disposals, Transfers, and Adjustments	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 3,611,236	\$ -	\$ (144,000)	\$ 3,467,236
Construction in progress	128,200	1,467,126	(804,119)	791,207
Other nondepreciable assets	119,972	-	-	119,972
	<u>3,859,408</u>	<u>1,467,126</u>	<u>(948,119)</u>	<u>4,378,415</u>
Capital assets, being depreciated:				
Roads, sidewalks, and bridges	38,500,155	-	570,521	39,070,676
Parking system	6,435,077	-	-	6,435,077
Buildings and improvements	5,640,958	147,659	-	5,788,617
Machinery and equipment	2,106,199	300,750	(44,842)	2,362,107
Vehicles	3,862,946	143,904	(22,757)	3,984,093
Streetscape	5,306,367	114,968	207,829	5,629,164
	<u>61,851,702</u>	<u>707,281</u>	<u>710,751</u>	<u>63,269,734</u>
Less accumulated depreciation:				
Roads, sidewalks, and bridges	(26,058,446)	(1,013,155)	-	(27,071,601)
Parking system	(3,516,425)	(195,597)	-	(3,712,022)
Buildings and improvements	(4,596,790)	(63,506)	-	(4,660,296)
Machinery and equipment	(1,775,454)	(138,529)	44,842	(1,869,141)
Vehicles	(2,160,196)	(179,220)	22,757	(2,316,659)
Streetscape	(3,464,771)	(266,328)	-	(3,731,099)
	<u>(41,572,082)</u>	<u>(1,856,335)</u>	<u>67,599</u>	<u>(43,360,818)</u>
Total capital assets being depreciated, net	<u>20,279,620</u>	<u>(1,149,054)</u>	<u>778,350</u>	<u>19,908,916</u>
Governmental activities capital assets, net	<u>\$ 24,139,028</u>	<u>\$ 318,072</u>	<u>\$ (169,769)</u>	<u>\$ 24,287,331</u>

* Beginning governmental activities capital assets were decreased by \$1,523,560 to account for a change in the reporting entity. See additional information related to this change in Note 18.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

	Beginning Balance*	Additions	Disposals and Transfers	Ending Balance
Business-type Activities				
Capital assets, not being depreciated - Construction in progress	\$ 31,581	\$ 1,068,309	\$ (837,617)	\$ 262,273
Capital assets, being depreciated:				
Water and sewer lines	15,241,622	-	834,267	16,075,889
Buildings and improvements	5,839,959	24,486	(1,999)	5,862,446
Furniture and equipment	205,608	64,109	-	269,717
Refuse and recycling system	59,798	7,707	-	67,505
	<u>21,346,987</u>	<u>96,302</u>	<u>832,268</u>	<u>22,275,557</u>
Less accumulated depreciation for:				
Water and sewer lines	(8,336,436)	(375,763)	-	(8,712,199)
Buildings and improvements	(4,398,689)	(137,273)	1,999	(4,533,963)
Furniture and equipment	(123,319)	(15,990)	-	(139,309)
Refuse and recycling system	(51,505)	(3,728)	-	(55,233)
	<u>(12,909,949)</u>	<u>(532,754)</u>	<u>1,999</u>	<u>(13,440,704)</u>
Total capital assets being depreciated, net	<u>8,437,038</u>	<u>(436,452)</u>	<u>834,267</u>	<u>8,834,853</u>
Business-type activities capital assets, net	<u>\$ 8,468,619</u>	<u>\$ 631,857</u>	<u>\$ (3,350)</u>	<u>\$ 9,097,126</u>

* Beginning business-type activities capital assets were increased by \$1,523,560 to account for a change in the reporting entity. See additional information related to this change in Note 18.

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

Depreciation of governmental activities by function	
General government	\$ 93,833
Public safety	181,289
Public works	1,475,935
Recreation and culture	28,628
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>76,650</u>
Total depreciation expense - governmental activities	<u>\$ 1,856,335</u>
Depreciation of business-type activities by function	
Water and sewer	\$ 375,763
Refuse and recycling	3,728
Housing commission	<u>153,263</u>
Total depreciation expense - business-type activities	<u>\$ 532,754</u>

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

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
Orchard Drive Improvements	\$ 106,188	\$ 1,396,615
Roundabout - 7 & Center	290,945	39,055
Ford Field Gateway	183,637	10,963
Booster Station	147,175	246,889
Rural Hill Bridge Replacement	34,942	28,758
E Cady OCWRC Sewer Connection	25,886	22,507
7 Mile Intersection Improvements	41,815	52,805
Debra Lane Resurfacing	-	198,772
Ford Field Restrooms	6,500	2,000
Ford Field Playground Replacement	5,000	5,000
River Park Construction	1,170,337	1,329,663
City Hall Roof Replacement	11,044	161,181
Total	<u>\$ 2,023,469</u>	<u>\$ 3,494,208</u>

9. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Bonds, notes, and other long-term liabilities activity can be summarized as follows:

	Beginning Balance*	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 2,285,000	\$ -	\$ (460,000)	\$ 1,825,000	\$ 475,000
Installment purchase agreements	152,000	-	(49,000)	103,000	51,000
Compensated absences	468,362	310,805	(230,628)	548,539	158,240
Total governmental activities	<u>\$ 2,905,362</u>	<u>\$ 310,805</u>	<u>\$ (739,628)</u>	<u>\$ 2,476,539</u>	<u>\$ 684,240</u>
Business-type Activities					
Compensated absences	<u>\$ 60,890</u>	<u>\$ 93,361</u>	<u>\$ (87,734)</u>	<u>\$ 66,517</u>	<u>\$ 17,139</u>
Component Unit - DDA					
Compensated absences	<u>\$ 59,192</u>	<u>\$ 33,607</u>	<u>\$ (16,992)</u>	<u>\$ 75,807</u>	<u>\$ 74,631</u>

* Beginning governmental activities long-term liabilities were decreased by \$4,384, and beginning business-type activities long-term liabilities were increased by the same amount, to account for a change in the reporting entity. See additional information related to this change in Note 18.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$13,890 of internal service funds compensated absences is included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

	Interest Rate	Year of Maturity	Original Amount	Outstanding Principal
Governmental activities				
General obligation bonds:				
2013 limited tax general obligation	3.10%	2025	\$ 1,705,000	\$ 165,000
2018 unlimited tax general obligation	2.90%	2029	3,050,000	1,660,000
				<u>\$ 1,825,000</u>
Installment purchase agreement -				
Fire truck	2.57%	2026	\$ 462,596	<u>\$ 103,000</u>

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

	General Obligations Bonds		Installment Purchase Agreements	
Year Ended June 30,	Principal	Interest	Principal	Interest
2025	\$ 475,000	\$ 48,759	\$ 51,000	\$ 1,992
2026	320,000	34,510	52,000	668
2027	330,000	25,085	-	-
2028	345,000	15,298	-	-
2029	355,000	5,148	-	-
	<u>\$ 1,825,000</u>	<u>\$ 128,800</u>	<u>\$ 103,000</u>	<u>\$ 2,660</u>

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

10. LEASES

Lessor - The City is involved in two agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2024 was \$86,178.

Asset Type	Remaining Term of Agreements
Land	18 - 29 years

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical claims and participates in the Michigan Municipal League risk pool program for workers' compensation claims and the Michigan Municipal Risk Management Authority risk pool for claims relating to general liability, motor vehicles, and comprehensive property damage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "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 the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City estimates the liability for general claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported.

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

	2024	2023
Balance at the beginning of year	\$ 40,454	\$ 61,804
Current year claims and changes in estimates	111,859	(15,042)
Claims paid	48,176	(6,308)
Balance at end of year	\$ 200,489	\$ 40,454

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

12. DEFINED CONTRIBUTION PENSION PLAN

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

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

For the City of Northville Defined Contribution Plan, the current year contribution (including the DDA) was calculated based on covered payroll of \$3,051,177, resulting in an employer contribution of \$392,951.

13. DEFINED BENEFIT PENSION PLAN

General Information About the Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Retirement benefits are calculated as various percentages (ranging from 2.5 to 2.75 percent) of the employee's final 3- to 5-year average compensation times the employee's years of service. To be eligible, employees must have a minimum number of years of service (ranging from 15 to 25), as well as meeting minimum retirement age (ranging from 50 to 60). The vesting period is 10 years. The benefits also include nonduty disability benefits and disability retirement benefits in limited situations. An employee who leaves city service may withdraw his or her contributions, plus any accumulated interest. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the members of the City Council, generally after negotiations of these terms with the affected unions. Police employees' benefit terms may be subject to binding arbitration in certain circumstances. As of November 1, 2007, the plan was closed to all new entrants.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. At the December 31, 2023 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>2</u>
Total membership	<u>71</u>

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

Net Pension Liability. The City's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	6.93%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	<u>20.0%</u>	7.00%	1.40%
	<u>100.0%</u>		
Inflation			2.50%
Dedicated gains adjustment			-0.07%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.18%</u>

In February 2022, the MERS Retirement Board adopted a Dedicated Gains Policy. The purpose of the Policy is to automatically reduce the assumed rate of investment return for annual actuarial valuation purposes if the plan year's market value of investment income exceeds the expected investment income. Investment performance measured for the one-year period ending December 31, 2023 resulted in current year excess gains for use in lowering the assumed rate of investment return, as reflected above.

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2023 was 7.18% (down from 7.25% at December 31, 2022). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay 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.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022	\$ 21,620,730	\$ 17,613,405	\$ 4,007,325
Changes for the year:			
Service cost	22,139	-	22,139
Interest	1,501,799	-	1,501,799
Differences between expected and actual experience	(107,889)	-	(107,889)
Changes in assumptions	130,276	-	130,276
Employer contributions	-	2,735,186	(2,735,186)
Employee contributions	-	86,502	(86,502)
Net investment income	-	2,062,540	(2,062,540)
Benefit payments, including refunds of employee contributions	(1,834,639)	(1,834,639)	-
Administrative expense	-	(42,535)	42,535
Net changes	(288,314)	3,007,054	(3,295,368)
Balances at December 31, 2023	\$ 21,332,416	\$ 20,620,459	\$ 711,957

Changes in assumptions. Amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City and Parks and Recreation Commission, calculated using the discount rate of 7.18%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
City	\$ 2,127,632	\$ 551,080	\$ (787,663)
Parks and Recreation Commission*	621,125	160,877	(229,945)
	<u>\$ 2,748,757</u>	<u>\$ 711,957</u>	<u>\$ (1,017,608)</u>

*The Parks and Recreation Commission is not part of the City's financial reporting entity; however, its net pension liability is shown here in order to reconcile the total net pension liability to the total plan changes in net pension liability shown above as they participate as a plan member.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2024, the City recognized pension expense of \$198,341. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 881,492
Contributions subsequent to the measurement date	1,221,573
Total	\$ 2,103,065

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2025. Other amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ 158,091
2026	340,279
2027	525,924
2028	(142,802)
Total	\$ 881,492

Payable to the Pension Plan. At June 30, 2024, the City had no amounts payable for contributions to the pension plan.

For the governmental activities, the net pension liability is generally liquidated by the general fund.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

14. OTHER POSTEMPLOYMENT BENEFITS

General Information About the 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 (the "Plan"), a single-employer defined benefit OPEB plan administered by the City. Management of the Plan is vested in the City, as there is no formal governing board over the plans. The Plan does not issue a publicly available financial report.

Benefits Provided. The Plan provides 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, the Plan was closed to new entrants.

Employees Covered by Benefit Terms. At December 31, 2023 (the date of the most recent actuarial report), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	68
Active employees	<u>9</u>
Total membership	<u>77</u>

Contributions. A Retiree Health Care Plan trust has been established for the Plan. Postemployment health care costs for the plan are paid by the trusts on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2024, the Plan made payments for postemployment health benefit premiums of \$662,049. Employees are not required to contribute to the Plan.

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Net OPEB Asset

The City's net OPEB asset was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the December 31, 2023 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	2.50%
Investment rate of return	6.85%
Healthcare cost trend rate	4.50% to 7.75%
Mortality rates	Pre-retirement mortality based on Pub-2010 General Employees Mortality without adjustment Healthy retirees mortality based on Pub-2010 General Employees Mortality Table scaled by a factor of 106% Disabled retirees mortality based on PubNS-2010 Disabled Retiree Mortality Table without adjustment

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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real	Money-Weighted Rate
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private assets	<u>20.00%</u>	<u>7.00%</u>	<u>1.40%</u>
	<u>100.00%</u>		4.50%
Inflation			2.50%
Risk adjustments			<u>-0.15%</u>
Investment rate of return			<u>6.85%</u>

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total OPEB liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Asset. The components of the change in the net OPEB asset are summarized as follows:

Retiree Healthcare Plan

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at December 31, 2022	\$ 10,003,902	\$ 11,510,619	\$ (1,506,717)
Changes for the year:			
Service cost	50,891	-	50,891
Interest	682,243	-	682,243
Differences between expected and actual experience	(369,645)	-	(369,645)
Changes in benefit terms	(1,909,257)	-	(1,909,257)
Changes in assumptions	(163,741)	-	(163,741)
Net investment income	-	1,291,736	(1,291,736)
Benefit payments	(662,049)	(662,049)	-
Administrative expense	-	(23,167)	23,167
Net changes	(2,371,558)	606,520	(2,978,078)
Balances at December 31, 2023	\$ 7,632,344	\$ 12,117,139	\$ (4,484,795)

The plan fiduciary net position as a percentage of the total OPEB liability is 158.76%.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Parks and Recreation Retiree Healthcare Plan

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at December 31, 2022	\$ 575,872	\$ 931,012	\$ (355,140)
Changes for the year:			
Interest	39,093	-	39,093
Differences between expected and actual experience	(56,497)	-	(56,497)
Changes in benefit terms	(69,542)	-	(69,542)
Changes in assumptions	(1,529)	-	(1,529)
Net investment income	-	106,060	(106,060)
Benefit payments	(34,795)	(34,795)	-
Administrative expense	-	(1,911)	1,911
Net changes	(123,270)	69,354	(192,624)
Balances at December 31, 2023	\$ 452,602	\$ 1,000,366	\$ (547,764)

The plan fiduciary net position as a percentage of the total OPEB liability is 221.0%.

Changes in Benefit Terms. In 2024, premium equivalent rates were updated to reflect current rates, post-65 participants were moved from the United American Medicare Supplemental Plan to the Humana Group Medicare Advantage Plan, reducing the City's 2024 premium by 31%, and the annual pre-Medicare deductible stipend was increased from \$3,000 to \$3,200.

Changes in Assumptions. In 2024, the discount rate was decreased from 7.00 percent to 6.85 percent, the expected investment rate of return was decreased from 7.00 percent to 6.85 percent, per capita costs were updated to reflect experience since the previous valuation, and termination and retirement rates were updated per the 2023 experience study.

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 6.85%, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
City's net OPEB asset	\$ (3,581,546)	\$ (4,484,795)	\$ (5,236,852)

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the net OPEB asset of the City, as well as what the City's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's net OPEB asset	\$ (5,225,831)	\$ (4,484,795)	\$ (3,602,256)

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the statement of changes in fiduciary net position.

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

For the year ended June 30, 2024, the City recognized an OPEB benefit of \$3,411,690. At June 30, 2024, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 64,153	\$ (64,153)
Change in assumptions	-	28,418	(28,418)
Net difference between projected and actual earnings on OPEB plan investments	507,682	-	507,682
	<u>\$ 507,682</u>	<u>\$ 92,571</u>	<u>\$ 415,111</u>

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

Year Ended June 30,	Amount
2025	\$ (36,704)
2026	190,985
2027	362,511
2028	<u>(101,681)</u>
	<u>\$ 415,111</u>

Payable to the OPEB Plan. At June 30, 2024, the City had no amount payable to the OPEB plan.

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

15. FINANCIAL STATEMENTS FOR INDIVIDUAL OTHER POSTEMPLOYMENT BENEFIT FUNDS

	Plan Net Position		
	Retiree Healthcare	Parks and Recreation Retiree Healthcare	Total
Assets			
Investments, at fair value - mutual funds	<u>\$ 12,117,139</u>	<u>\$ 1,000,366</u>	<u>\$ 13,117,505</u>
Net position			
Restricted for -			
Other postemployment benefits	<u>\$ 12,117,139</u>	<u>\$ 1,000,366</u>	<u>\$ 13,117,505</u>
	Changes in Plan Net Position		
	Retiree Healthcare	Parks and Recreation Retiree Healthcare	Total
Additions			
Investment income -			
From investing activities -			
Net appreciation in fair value of investments	<u>\$ 1,291,736</u>	<u>\$ 106,060</u>	<u>\$ 1,397,796</u>
Deductions			
Benefit payments	662,049	34,795	696,844
Administrative	23,167	1,911	25,078
Total deductions	<u>685,216</u>	<u>36,706</u>	<u>721,922</u>
Change in net position	<u>606,520</u>	<u>69,354</u>	<u>675,874</u>
Net position, beginning of year	<u>11,510,619</u>	<u>931,012</u>	<u>12,441,631</u>
Net position, end of year	<u>\$ 12,117,139</u>	<u>\$ 1,000,366</u>	<u>\$ 13,117,505</u>

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2024, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 4,378,415	\$ 262,273
Capital assets being depreciated, net	19,908,916	8,834,853
	<u>24,287,331</u>	<u>9,097,126</u>
Related debt:		
General obligation bonds	1,825,000	-
Installment purchase agreements	103,000	-
	<u>1,928,000</u>	<u>-</u>
Net investment in capital assets	<u>\$ 22,359,331</u>	<u>\$ 9,097,126</u>

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

17. FUND BALANCES

Following is a summary of the composition of fund balances as of June 30, 2024:

	General	Public Improvement	Fire Equipment	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Advances to other funds	\$ 188,500	\$ -	\$ -	\$ -	\$ 188,500
Inventory	33,862	-	-	8,466	42,328
Prepaid items	488,075	-	-	8,789	496,864
	<u>710,437</u>	<u>-</u>	<u>-</u>	<u>17,255</u>	<u>727,692</u>
Restricted for:					
PEG fees	846	-	-	-	846
State drug forfeitures	121,608	-	-	-	121,608
Debt service	-	-	-	4,358	4,358
Streets, drains, and sidewalk improvements	-	-	-	1,671,290	1,671,290
	<u>122,454</u>	<u>-</u>	<u>-</u>	<u>1,675,648</u>	<u>1,798,102</u>
Committed:					
Capital projects	-	4,822,056	2,239,245	193,450	7,254,751
Land held for sale	-	225,000	-	-	225,000
Parking	-	-	-	659,981	659,981
Debt service	-	-	-	2,720	2,720
Cemetery improvements	-	147,013	-	-	147,013
Cemetery maintenance	-	-	-	1,369,869	1,369,869
	<u>-</u>	<u>5,194,069</u>	<u>2,239,245</u>	<u>2,226,020</u>	<u>9,659,334</u>
Assigned:					
Beautification commission	841	-	-	-	841
Pension	132,800	-	-	-	132,800
DPW equipment	132,800	-	-	-	132,800
Sustainability revolving fund	12,906	-	-	-	12,906
Developers escrows	161,788	-	-	-	161,788
Fire	33,769	-	-	-	33,769
	<u>474,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>474,904</u>
Unassigned	2,632,860	-	-	-	2,632,860
Total fund balances	<u>\$ 3,940,655</u>	<u>\$ 5,194,069</u>	<u>\$ 2,239,245</u>	<u>\$ 3,918,923</u>	<u>\$ 15,292,892</u>

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

18. ADJUSTMENTS TO BEGINNING FUND BALANCE/NET POSITION

For the year ended, the City had the following adjustments to beginning fund balance/net position:

	Governmental Activities	Business-type Activities	
Net position, beginning of year, as previously reported	\$ 40,828,407	\$ 8,527,674	
Change within the financial reporting entity:			
Housing commission change from nonmajor governmental to enterprise fund	(361,592)	361,592	
Housing commission change from governmental to business-type activities	(1,582,801)	1,582,801	
Fire custodial fund moved to general fund	35,891	-	
Removal of investment in joint venture	(863,100)	-	
Net position, beginning of year, as adjusted	<u>\$ 38,056,805</u>	<u>\$ 10,472,067</u>	
	Local Streets	Parking	Nonmajor Governmental Funds
Fund balances, beginning of year, as previously reported	\$ 295,662	\$ 550,225	\$ 4,246,799
Change within the financial reporting entity:			
Change from major to nonmajor fund	(295,662)	(550,225)	845,887
Housing commission change from nonmajor governmental to enterprise fund	-	-	(361,592)
Fund balances, beginning of year, as adjusted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,731,094</u>
	Housing Commission Enterprise Fund	Housing Commission Special Revenue Fund	
Fund balances, beginning of year, as previously reported	\$ -	\$ 361,592	
Change within the financial reporting entity:			
Housing commission change from nonmajor governmental to enterprise fund	361,592	(361,592)	
Housing commission change from governmental to business-type activities	1,582,801	-	
Fund balances, beginning of year, as adjusted	<u>\$ 1,944,393</u>	<u>\$ -</u>	

CITY OF NORTHVILLE, MICHIGAN

Notes to Financial Statements

The housing commission fund is a self-supporting activity. To comply with the State of Michigan's Uniform Chart of Accounts, the City reclassified it from a special fund to an enterprise fund in fiscal year 2024.

The fire department bank accounts are under the City's control and are reported with the general fund. Previously, they were reported as a custodial fund.

The investment in joint venture was removed from the City's records since it was determined to no longer meet the definition of a joint venture.

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CITY OF NORTHVILLE, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

	Year Ended June 30,			
	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 22,139	\$ 40,103	\$ 35,416	\$ 31,315
Interest	1,501,799	1,513,402	1,574,798	1,531,345
Differences between expected and actual experience	(107,889)	146,107	(258,017)	361,627
Changes in assumptions	130,276	-	664,636	499,596
Benefit payments, including refunds	(1,834,639)	(1,866,686)	(1,864,704)	(1,843,612)
Net change in total pension liability	(288,314)	(167,074)	152,129	580,271
Total pension liability, beginning of year	21,620,730	21,787,804	21,635,675	21,055,404
Total pension liability, end of year	21,332,416	21,620,730	21,787,804	21,635,675
Plan fiduciary net position				
Employer contributions	2,735,186	2,242,082	2,305,870	1,900,497
Employee contributions	86,502	5,504	5,314	9,324
Net investment income (loss)	2,062,540	(2,135,167)	2,278,269	2,083,138
Benefit payments, including refunds of employee contributions	(1,834,639)	(1,866,686)	(1,864,704)	(1,843,612)
Administrative expense	(42,535)	(35,959)	(26,964)	(29,397)
Net change in plan fiduciary net position	3,007,054	(1,790,226)	2,697,785	2,119,950
Plan fiduciary net position, beginning of year	17,613,405	19,403,631	16,705,846	14,585,896
Plan fiduciary net position, end of year	20,620,459	17,613,405	19,403,631	16,705,846
City's net pension liability	\$ 711,957	\$ 4,007,325	\$ 2,384,173	\$ 4,929,829
Plan fiduciary net position as a percentage of total pension liability	96.7%	81.5%	89.1%	77.2%
Covered payroll	\$ 153,780	\$ 259,920	\$ 250,060	\$ 250,071
City's net pension liability as a percentage of covered payroll	463.0%	1541.8%	953.4%	1971.4%

See notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

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Year Ended June 30,					
2020	2019	2018	2017	2016	2015
\$ 56,958	\$ 56,977	\$ 98,211	\$ 90,532	\$ 105,071	\$ 108,463
1,589,919	1,566,081	1,534,515	1,547,682	1,518,738	1,508,044
(218,863)	377,102	370,870	(287,626)	(45,461)	-
668,816	-	-	-	881,953	-
(1,773,898)	(1,630,416)	(1,546,397)	(1,491,621)	(1,540,297)	(1,430,069)
322,932	369,744	457,199	(141,033)	920,004	186,438
20,732,472	20,362,728	19,905,529	20,046,562	19,126,558	18,940,120
21,055,404	20,732,472	20,362,728	19,905,529	20,046,562	19,126,558
1,975,822	1,944,846	1,441,908	1,319,184	1,307,640	1,099,108
10,532	12,996	12,583	11,156	11,969	11,676
1,732,088	(514,514)	1,517,589	1,191,540	(167,140)	661,980
(1,773,898)	(1,630,416)	(1,546,397)	(1,491,621)	(1,540,297)	(1,430,069)
(29,811)	(25,025)	(23,990)	(23,515)	(23,783)	(24,342)
1,914,733	(212,113)	1,401,693	1,006,744	(411,611)	318,353
12,671,163	12,883,276	11,481,583	10,474,839	10,886,450	10,568,097
14,585,896	12,671,163	12,883,276	11,481,583	10,474,839	10,886,450
\$ 6,469,508	\$ 8,061,309	\$ 7,479,452	\$ 8,423,946	\$ 9,571,723	\$ 8,240,108

69.3%	61.1%	63.3%	57.7%	52.3%	56.9%
\$ 446,148	\$ 451,293	\$ 731,856	\$ 706,615	\$ 825,019	\$ 855,589
1450.1%	1786.3%	1022.0%	1192.2%	1160.2%	963.1%

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CITY OF NORTHVILLE, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2024	\$ 1,405,752	\$ 2,729,132	\$ 1,323,380	\$ 153,780	1774.7%
2023	1,488,552	2,236,898	748,346	259,920	860.6%
2022	1,343,736	2,305,570	961,834	250,060	922.0%
2021	1,197,792	1,900,497	702,705	250,071	760.0%
2020	1,075,608	1,975,822	900,214	446,148	442.9%
2019	986,107	1,944,846	958,739	451,293	430.9%
2018	1,052,112	1,441,908	389,796	731,856	197.0%
2017	901,164	1,319,184	418,020	706,615	186.7%
2016	851,664	1,307,640	455,976	825,019	158.5%
2015	842,856	1,099,108	256,252	855,589	128.5%

See notes to required supplementary information.

CITY OF NORTHVILLE, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

	Year Ended June 30,			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 50,891	\$ 71,466	\$ 76,066	\$ 96,431
Interest	682,243	810,053	820,541	814,356
Difference between expected and actual experience	(369,645)	(391,887)	15,589	199,217
Changes in benefit terms	(1,909,257)	-	-	-
Changes in assumptions	(163,741)	(1,688,569)	(460,689)	(340,902)
Benefit payments, including refunds	(662,049)	(595,744)	(673,824)	(667,285)
Net change in total OPEB liability	(2,371,558)	(1,794,681)	(222,317)	101,817
Total OPEB liability, beginning of year	10,003,902	11,798,583	12,020,900	11,919,083
Total OPEB liability, end of year	7,632,344	10,003,902	11,798,583	12,020,900
Plan fiduciary net position				
Employer contributions	-	145,256	223,824	767,285
Net investment income (loss)	1,291,736	(1,400,640)	1,692,554	1,424,531
Benefit payments	(662,049)	(595,744)	(673,824)	(667,285)
Administrative expense	(23,167)	(21,615)	(23,323)	(19,169)
Net change in plan fiduciary net position	606,520	(1,872,743)	1,219,231	1,505,362
Plan fiduciary net position, beginning of year	11,510,619	13,383,362	12,164,131	10,658,769
Plan fiduciary net position, end of year	12,117,139	11,510,619	13,383,362	12,164,131
Net OPEB liability (asset)	\$ (4,484,795)	\$ (1,506,717)	\$ (1,584,779)	\$ (143,231)
Plan fiduciary net position as a percentage of total OPEB liability	158.76%	115.06%	113.43%	101.19%
Covered payroll	\$ 740,232	\$ 960,911	\$ 990,386	\$ 1,072,907
City's net pension liability as a percentage of covered payroll	-605.9%	-156.8%	-160.0%	-13.3%

See notes to required supplementary information.

Year Ended June 30,		
2020	2019	2018
\$ 94,079	\$ 129,148	\$ 130,093
796,328	854,849	831,247
-	(1,087,439)	-
-	-	-
-	(1,037,180)	-
(600,797)	(633,720)	(691,872)
289,610	(1,774,342)	269,468
11,629,473	13,403,815	13,134,347
11,919,083	11,629,473	13,403,815
600,797	779,921	593,069
1,270,482	(352,219)	1,108,749
(600,797)	(633,720)	(691,872)
(18,103)	(23,589)	(21,446)
1,252,379	(229,607)	988,500
9,406,390	9,635,997	8,647,497
10,658,769	9,406,390	9,635,997
\$ 1,260,314	\$ 2,223,083	\$ 3,767,818
89.43%	80.88%	71.89%
\$ 1,236,143	\$ 1,494,412	\$ 1,552,588
102.0%	148.8%	242.7%

CITY OF NORTHVILLE, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Excess (Deficiency)	Covered Payroll	Actual Contributions as Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 740,232	0.00%
2023	-	145,256	145,256	960,911	15.12%
2022	78,057	223,824	145,767	990,386	22.60%
2021	76,153	767,285	691,132	1,072,907	71.51%
2020	281,066	600,797	319,731	1,236,143	48.60%
2019	278,711	779,921	501,210	1,494,412	52.19%
2018	391,691	847,194	455,503	1,552,588	54.57%

See notes to required supplementary information.

CITY OF NORTHVILLE, MICHIGAN

Required Supplementary Information
Other Postemployment Benefits Plan
Schedule of Investment Returns

Fiscal Year Ending December 31,	Annual Return ⁽¹⁾
2024	11.52%
2023	-10.63%
2022	14.17%
2021	13.37%
2020	13.52%
2019	-3.65%
2018	13.11%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

See notes to required supplementary information.

CITY OF NORTHVILLE, MICHIGAN

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Changes in the City's Net Pension Liability and Related Ratios

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Changes in Assumptions. In 2016, amounts reported as changes in assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

In 2020, amounts reported as changes in assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

In 2021, amounts reported as changes in assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

In 2022, amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

In 2024, amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

CITY OF NORTHVILLE, MICHIGAN

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan (concluded)

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates (2024, based on the 12/31/2021 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	16 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	<ul style="list-style-type: none"> • Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120 • Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120 • Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

CITY OF NORTHVILLE, MICHIGAN

Notes to Required Supplementary Information

Other Postemployment Benefits Plan

Notes to the Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of date will be presented.

Changes in Assumptions. In 2019, the discount rate and expected investment return assumptions increased from 6.50% to 7.00%. The assumption for per capita costs was updated to reflect actual experience since the previous valuation, and the assumption for the baseline health care cost trend was updated to match the uniform assumptions most recently published by the Michigan Department of Treasury. For the purpose of determining the actuarially determined contribution, the amortization of the unfunded accrued liability was changed from level percentage of payroll to a level dollar to comply with the uniform assumptions most recently published by the Michigan Department of Treasury.

In 2021, 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% to a range of 4.50% to 8.25%.

In 2022, the mortality tables used were updated from the Pub-2010 mortality tables with scale MP-2019 to Pub-2010 mortality tables with scale MP-2021. The health care cost trend rates changed from a range of 4.50% to 8.25% to a range of 4.50% to 7.25%.

In 2023, the per capita costs were updated to reflect experience since the previous valuation. The health care cost trend rates changed from a range of 4.50% to 7.25% to 4.50% to 7.75%.

In 2024, the discount rate was decreased from 7.00% to 6.85%, the expected investment rate of return was decreased from 7.00% to 6.85%, per capita costs were updated to reflect experience since the previous valuation, and termination and retirement rates were updated per the 2023 experience study.

Changes in Benefit Terms. In 2024, premium equivalent rates were updated to reflect current rates, post-65 participants were moved from the United American Medicare Supplemental Plan to the Humana Group Medicare Advantage Plan, reducing the City's 2024 premium by 31%, and the annual pre-Medicare deductible stipend was increased from \$3,000 to \$3,200.

CITY OF NORTHVILLE, MICHIGAN

Notes to Required Supplementary Information

Other Postemployment Benefits Plan (concluded)

Notes to Schedule of Contributions

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of date will be presented.

Valuation Date Actuarially determined contribution rates are calculated as of the 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	20 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.50%
Investment rate of return	6.85%, net of investment and administrative expense including inflation
Healthcare cost trend rates	4.50% to 7.75%
Mortality	<ul style="list-style-type: none">• Pre-retirement mortality based on Pub-2010 General Employees Mortality without adjustment• Healthy retirees mortality based on Pub-2010 General Employees Mortality Table scaled by a factor of 106%• Disabled retirees mortality based on PubNS-2010 Disabled Retiree Mortality Table without adjustment

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF NORTHVILLE, MICHIGAN

Combining Balance Sheet

General Fund
June 30, 2024

	General	Interfund Investment Pool	Payroll	Fire Safekeeping	Sustainability Revolving	Insurance Retention	Total General Fund
Assets							
Cash and cash equivalents	\$ 3,855,317	\$ -	\$ 49,483	\$ 33,769	\$ 14,218	\$ -	\$ 3,952,787
Receivables:							
Taxes	3,307	-	-	-	-	-	3,307
Accounts	75,668	-	-	-	10	-	75,678
Interest	-	49,847	-	-	-	-	49,847
Due from other governments	197,749	-	-	-	-	-	197,749
Leases	1,482,916	-	-	-	-	-	1,482,916
Due from other funds	174,968	-	-	-	-	-	174,968
Advances to other funds	188,500	-	-	-	-	-	188,500
Inventory	33,862	-	-	-	-	-	33,862
Prepaid items	101,988	-	154,479	-	-	231,608	488,075
Total assets	\$ 6,114,275	\$ 49,847	\$ 203,962	\$ 33,769	\$ 14,228	\$ 231,608	\$ 6,647,689
Liabilities							
Accounts payable	\$ 306,785	\$ -	\$ 2,118	\$ -	\$ 1,322	\$ -	\$ 310,225
Due to other governments	92	-	-	-	-	-	92
Deposits and escrow	257,714	-	-	-	-	-	257,714
Accrued and other liabilities	230,138	49,847	121,952	-	-	200,489	602,426
Due to other funds	-	-	79,892	-	-	-	79,892
Unearned revenue	4,822	-	-	-	-	-	4,822
Total liabilities	799,551	49,847	203,962	-	1,322	200,489	1,255,171
Deferred inflows of resources							
Unavailable revenue	18,321	-	-	-	-	-	18,321
Deferred lease amounts	1,433,542	-	-	-	-	-	1,433,542
Total deferred inflows of resources	1,451,863	-	-	-	-	-	1,451,863
Fund balances							
Nonspendable	324,350	-	154,479	-	-	231,608	710,437
Restricted	122,454	-	-	-	-	-	122,454
Assigned	428,229	-	-	33,769	12,906	-	474,904
Unassigned (deficit)	2,987,828	-	(154,479)	-	-	(200,489)	2,632,860
Total fund balances	3,862,861	-	-	33,769	12,906	31,119	3,940,655
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,114,275	\$ 49,847	\$ 203,962	\$ 33,769	\$ 14,228	\$ 231,608	\$ 6,647,689

CITY OF NORTHVILLE, MICHIGAN

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

General Fund

For the Year Ended June 30, 2024

	General	Interfund Investment Pool	Payroll	Fire Safekeeping	Sustainability Revolving	Insurance Retention	Total General Fund
Revenues							
Property taxes	\$ 6,505,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,505,281
Licenses and permits	495,736	-	-	-	-	-	495,736
Intergovernmental	868,104	-	-	-	-	-	868,104
Contributions	51,910	-	-	5,378	-	-	57,288
Charges for services	1,926,535	-	-	-	-	-	1,926,535
Fines and forfeitures	16,273	-	-	-	-	-	16,273
Investment income	363,169	-	-	9	875	10,352	374,405
Rental income	152,257	-	-	-	-	-	152,257
Other	53,489	-	-	-	-	74,849	128,338
Total revenues	10,432,754	-	-	5,387	875	85,201	10,524,217
Expenditures							
Current:							
General government	3,055,482	-	-	-	3,960	323,308	3,382,750
Public safety	4,500,979	-	-	7,509	-	-	4,508,488
Public works	1,015,078	-	-	-	-	-	1,015,078
Contribution to MERS	675,000	-	-	-	-	-	675,000
Recreation and culture	248,980	-	-	-	-	-	248,980
Debt service:							
Principal	49,000	-	-	-	-	-	49,000
Interest and fiscal charges	3,277	-	-	-	-	-	3,277
Total expenditures	9,547,796	-	-	7,509	3,960	323,308	9,882,573
Revenues over (under) expenditures	884,958	-	-	(2,122)	(3,085)	(238,107)	641,644
Other financing sources (uses)							
Proceeds from sale of capital assets	162	-	-	-	-	-	162
Transfers in	73,300	-	-	-	-	-	73,300
Transfers out	(352,876)	-	-	-	-	-	(352,876)
Total other financing sources (uses)	(279,414)	-	-	-	-	-	(279,414)
Net change in fund balances	605,544	-	-	(2,122)	(3,085)	(238,107)	362,230
Fund balances, beginning of year	3,257,317	-	-	35,891	15,991	269,226	3,578,425
Fund balances, end of year	\$ 3,862,861	\$ -	\$ -	\$ 33,769	\$ 12,906	\$ 31,119	\$ 3,940,655

CITY OF NORTHVILLE, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds				
	Major Streets	Local Streets	Street, Drainage, and Sidewalk Improvement	Parking	Cemetery
Assets					
Cash and cash equivalents	\$ 225,358	\$ 393,955	\$ 977,174	\$ 660,101	\$ 1,369,861
Receivables:					
Special assessments	-	-	-	55,000	-
Accounts	81	39	684	1,893	10
Due from other governments	82,811	35,186	-	-	-
Inventory	-	-	-	8,466	-
Prepaid items	514	5,530	-	2,745	-
Total assets	\$ 308,764	\$ 434,710	\$ 977,858	\$ 728,205	\$ 1,369,871
Liabilities					
Accounts payable	\$ 26,782	\$ 8,888	\$ 178	\$ 4,219	\$ 2
Accrued and other liabilities	2,439	5,711	-	4,669	-
Total liabilities	29,221	14,599	178	8,888	2
Deferred inflows of resources					
Unavailable revenue	-	-	-	48,125	-
Fund balances					
Nonspendable	514	5,530	-	11,211	-
Restricted	279,029	414,581	977,680	-	-
Committed	-	-	-	659,981	1,369,869
Total fund balances	279,543	420,111	977,680	671,192	1,369,869
Total liabilities, deferred inflows of resources, and fund balances	\$ 308,764	\$ 434,710	\$ 977,858	\$ 728,205	\$ 1,369,871

Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
2018 UTGO Streets	2013 LTGO DDA	Police Equipment Replacement	Housing Commission Capital Outlay	
\$ 4,357	\$ 2,720	\$ 193,395	\$ -	\$ 3,826,921
-	-	-	-	55,000
1	-	71	-	2,779
-	-	-	-	117,997
-	-	-	-	8,466
-	-	-	-	8,789
<u>\$ 4,358</u>	<u>\$ 2,720</u>	<u>\$ 193,466</u>	<u>\$ -</u>	<u>\$ 4,019,952</u>
\$ -	\$ -	\$ 16	\$ -	\$ 40,085
-	-	-	-	12,819
-	-	16	-	52,904
-	-	-	-	48,125
-	-	-	-	17,255
4,358	-	-	-	1,675,648
-	2,720	193,450	-	2,226,020
<u>4,358</u>	<u>2,720</u>	<u>193,450</u>	<u>-</u>	<u>3,918,923</u>
<u>\$ 4,358</u>	<u>\$ 2,720</u>	<u>\$ 193,466</u>	<u>\$ -</u>	<u>\$ 4,019,952</u>

CITY OF NORTHVILLE, MICHIGAN

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

Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds				
	Major Streets	Local Streets	Street, Drainage, and Sidewalk Improvement	Parking	Cemetery
Revenues					
Property taxes	\$ -	\$ -	\$ 775,981	\$ -	\$ -
Licenses and permits	-	-	-	5,015	-
Intergovernmental	522,239	236,632	2,491	-	-
Contributions	375,000	-	-	101,500	-
Charges for services	-	-	-	-	3,485
Investment income	13,824	4,088	74,367	31,144	72,367
Special assessments	-	-	-	106,678	-
Total revenues	<u>911,063</u>	<u>240,720</u>	<u>852,839</u>	<u>244,337</u>	<u>75,852</u>
Expenditures					
Current -					
Public works	651,443	1,046,606	-	128,821	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	16,504	-
Total expenditures	<u>651,443</u>	<u>1,046,606</u>	<u>-</u>	<u>145,325</u>	<u>-</u>
Revenues over (under) expenditures	<u>259,620</u>	<u>(805,886)</u>	<u>852,839</u>	<u>99,012</u>	<u>75,852</u>
Other financing sources (uses)					
Transfers in	61,457	930,335	-	21,955	-
Transfers out	(258,000)	-	(733,792)	-	-
Total other financing sources (uses)	<u>(196,543)</u>	<u>930,335</u>	<u>(733,792)</u>	<u>21,955</u>	<u>-</u>
Net change in fund balances	<u>63,077</u>	<u>124,449</u>	<u>119,047</u>	<u>120,967</u>	<u>75,852</u>
Fund balances, beginning of year, as previously reported	216,466	-	858,633	-	1,294,017
Changes within the reporting entity	-	295,662	-	550,225	-
Fund balances, beginning of year, as adjusted	<u>216,466</u>	<u>295,662</u>	<u>858,633</u>	<u>550,225</u>	<u>1,294,017</u>
Fund balances, end of year	<u>\$ 279,543</u>	<u>\$ 420,111</u>	<u>\$ 977,680</u>	<u>\$ 671,192</u>	<u>\$ 1,369,869</u>

Special Revenue	Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
Housing Commission	2018 UTGO Streets	2013 LTGO DDA	Police Equipment Replacement	Housing Commission Capital Outlay	
	\$ 352,101	\$ -	\$ -	\$ -	\$ 1,128,082
	-	-	-	-	5,015
	1,208	-	13,320	-	775,890
	-	170,075	-	-	646,575
	-	-	-	-	3,485
	3,117	123	8,594	-	207,624
	-	-	-	-	106,678
	<u>356,426</u>	<u>170,198</u>	<u>21,914</u>	<u>-</u>	<u>2,873,349</u>
	-	-	-	-	1,826,870
	300,000	160,000	-	-	460,000
	52,490	10,075	-	-	62,565
	-	-	120,394	-	136,898
	<u>352,490</u>	<u>170,075</u>	<u>120,394</u>	<u>-</u>	<u>2,486,333</u>
	<u>3,936</u>	<u>123</u>	<u>(98,480)</u>	<u>-</u>	<u>387,016</u>
	-	-	80,000	-	1,093,747
	-	-	-	(1,301,142)	(2,292,934)
	-	-	80,000	(1,301,142)	(1,199,187)
	<u>3,936</u>	<u>123</u>	<u>(18,480)</u>	<u>(1,301,142)</u>	<u>(812,171)</u>
\$ 361,592	422	2,597	211,930	1,301,142	4,246,799
(361,592)	-	-	-	-	484,295
-	<u>422</u>	<u>2,597</u>	<u>211,930</u>	<u>1,301,142</u>	<u>4,731,094</u>
\$ -	\$ 4,358	\$ 2,720	\$ 193,450	\$ -	\$ 3,918,923

CITY OF NORTHVILLE, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2024

	Municipal Equipment	Employees' Accumulated Compensation	Total
Assets			
Current assets:			
Cash and investments	\$ 199,178	\$ 534,468	\$ 733,646
Accounts receivable	692	232	924
Inventory	66,309	-	66,309
Prepaid items	9,716	-	9,716
Total current assets	<u>275,895</u>	<u>534,700</u>	<u>810,595</u>
Noncurrent assets:			
Leases receivable	660,834	-	660,834
Capital assets being depreciated, net	567,645	-	567,645
Total noncurrent assets	<u>1,228,479</u>	<u>-</u>	<u>1,228,479</u>
Total assets	<u>1,504,374</u>	<u>534,700</u>	<u>2,039,074</u>
Liabilities			
Current liabilities:			
Accounts payable	9,642	51	9,693
Accrued and other liabilities	1,979	-	1,979
Unearned revenue	305	-	305
Compensated absences, current	4,843	-	4,843
Total current liabilities	<u>16,769</u>	<u>51</u>	<u>16,820</u>
Noncurrent liabilities -			
Compensated absences	9,047	-	9,047
Total liabilities	<u>25,816</u>	<u>51</u>	<u>25,867</u>
Deferred inflows of resources			
Deferred lease amounts	599,691	-	599,691
Net position			
Investment in capital assets	567,645	-	567,645
Unrestricted	311,222	534,649	845,871
Total net position	<u>\$ 878,867</u>	<u>\$ 534,649</u>	<u>\$ 1,413,516</u>

CITY OF NORTHVILLE, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2024

	Municipal Equipment	Employees' Accumulated Compensation	Total
Operating revenues			
Charges for services	\$ 321,119	\$ -	\$ 321,119
Other	-	101,656	101,656
Total operating revenues	<u>321,119</u>	<u>101,656</u>	<u>422,775</u>
Operating expenses			
Personnel services	148,616	53,489	202,105
Operating and maintenance	141,337	-	141,337
Depreciation	76,650	-	76,650
Total operating expenses	<u>366,603</u>	<u>53,489</u>	<u>420,092</u>
Operating income (loss)	<u>(45,484)</u>	<u>48,167</u>	<u>2,683</u>
Nonoperating revenues			
Investment income	28,320	24,466	52,786
Gain on sale of capital assets	28,521	-	28,521
Other	37,766	-	37,766
Total nonoperating revenues	<u>94,607</u>	<u>24,466</u>	<u>119,073</u>
Income before transfers	49,123	72,633	121,756
Transfers in	<u>127,738</u>	<u>-</u>	<u>127,738</u>
Change in net position	<u>176,861</u>	<u>72,633</u>	<u>249,494</u>
Net position, beginning of year	<u>702,006</u>	<u>462,016</u>	<u>1,164,022</u>
Net position, end of year	<u>\$ 878,867</u>	<u>\$ 534,649</u>	<u>\$ 1,413,516</u>

CITY OF NORTHVILLE, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2024

	Municipal Equipment	Employees' Accumulated Compensation	Total
Cash flows from operating activities			
Receipts from customers	\$ 318,100	\$ -	\$ 318,100
Payments to suppliers	(171,286)	-	(171,286)
Payments to employees and fringes	(127,582)	(12)	(127,594)
Receipts for interfund transfers and reimbursements	2,421	48,167	50,588
Net cash provided by operating activities	<u>21,653</u>	<u>48,155</u>	<u>69,808</u>
Cash flows from capital and related financing activities			
Lease payments received	42,623	-	42,623
Proceeds from sale of capital assets	28,521	-	28,521
Purchase of capital assets	(153,473)	-	(153,473)
Transfers in	127,738	-	127,738
Net cash provided by capital and related financing activities	<u>45,409</u>	<u>-</u>	<u>45,409</u>
Net cash from investing activities			
Interest received on investments	2,032	10,127	12,159
Net realized gains on investments	2,664	14,339	17,003
Net cash provided by investing activities	<u>4,696</u>	<u>24,466</u>	<u>29,162</u>
Net change in cash and investments	<u>71,758</u>	<u>72,621</u>	<u>144,379</u>
Cash and investments, beginning of year	<u>127,420</u>	<u>461,847</u>	<u>589,267</u>
Cash and investments, end of year	<u>\$ 199,178</u>	<u>\$ 534,468</u>	<u>\$ 733,646</u>

continued...

CITY OF NORTHVILLE, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2024

	Municipal Equipment	Employees' Accumulated Compensation	Total
Reconciliation of operating income (loss)			
to net cash provided by operating activities:			
Operating income (loss)	\$ (45,484)	\$ 48,167	\$ 2,683
Adjustments to reconcile operating income			
(loss) to net cash provided by operating activities:			
Depreciation	76,650	-	76,650
Changes in assets and liabilities:			
Accounts receivable	(598)	(12)	(610)
Inventory	(2,719)	-	(2,719)
Prepaid items	(323)	-	(323)
Accounts payable	(10,313)	-	(10,313)
Accrued and other liabilities	4,440	-	4,440
Net cash provided by operating activities	\$ 21,653	\$ 48,155	\$ 69,808

concluded

CITY OF NORTHVILLE, MICHIGAN

Combining Statement of Fiduciary Net Position

Other Employee Benefit Trust Funds

June 30, 2024

	Retiree Healthcare	Parks and Recreation Retiree Healthcare	Total
Assets			
Investments, at fair value - mutual funds	\$ 12,117,139	\$ 1,000,366	\$ 13,117,505
Net position			
Restricted for -			
Other postemployment benefits	\$ 12,117,139	\$ 1,000,366	\$ 13,117,505

CITY OF NORTHVILLE, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Other Employee Benefit Trust Funds
For the Year Ended June 30, 2024

	Retiree Healthcare	Parks and Recreation Retiree Healthcare	Total
Additions			
Investment income -			
From investing activities -			
Net appreciation in fair value of investments	\$ 1,291,736	\$ 106,060	\$ 1,397,796
Deductions			
Benefit payments	662,049	34,795	696,844
Administrative	23,167	1,911	25,078
Total deductions	<u>685,216</u>	<u>36,706</u>	<u>721,922</u>
Change in net position	606,520	69,354	675,874
Net position, beginning of year	11,510,619	931,012	12,441,631
Net position, end of year	<u>\$ 12,117,139</u>	<u>\$ 1,000,366</u>	<u>\$ 13,117,505</u>

CITY OF NORTHVILLE, MICHIGAN

Balance Sheet/Statement of Net Position

Downtown Development Authority
June 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 514,082	\$ -	\$ 514,082
Accounts receivable	1,716	-	1,716
Prepaid items	5,383	-	5,383
Total assets	<u>\$ 521,181</u>	<u>-</u>	<u>521,181</u>
Liabilities			
Accounts payable	\$ 25,321	-	25,321
Accrued and other liabilities	13,686	-	13,686
Unearned revenue	17,500	-	17,500
Compensated absences:			
Due within one year	-	74,631	74,631
Due in greater than one year	-	1,176	1,176
Total liabilities	<u>56,507</u>	<u>75,807</u>	<u>132,314</u>
Fund balance			
Nonspendable	5,383	(5,383)	-
Committed	117,908	(117,908)	-
Assigned	122,737	(122,737)	-
Unassigned	218,646	(218,646)	-
Total fund balances	<u>464,674</u>	<u>(464,674)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 521,181</u>		
Net position			
Unrestricted		\$ 388,867	\$ 388,867

CITY OF NORTHVILLE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

Downtown Development Authority
For the Year Ended June 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 904,080	\$ -	\$ 904,080
Unrestricted investment income	48,130	-	48,130
Gain on sale of capital assets	2,946	-	2,946
Miscellaneous	138,912	-	138,912
Total revenues	1,094,068	-	1,094,068
Expenditures/expenses			
Community development	1,097,039	16,615	1,113,654
Change in fund balance / net position	(2,971)	(16,615)	(19,586)
Fund balance / net position, beginning of year	467,645	(59,192)	408,453
Fund balance / net position, end of year	<u>\$ 464,674</u>	<u>\$ (75,807)</u>	<u>\$ 388,867</u>

CITY OF NORTHVILLE, MICHIGAN

Balance Sheet/Statement of Net Position

Brownfield Redevelopment Authority
June 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 1,920	\$ -	\$ 1,920
Accounts receivable	30,711	-	30,711
Total assets	<u>\$ 32,631</u>	-	32,631
Liabilities			
Accounts payable	\$ 32,631	-	32,631
Deferred inflows of resources			
Unavailable revenue	30,231	(30,231)	-
Fund balance			
Unassigned (deficit)	(30,231)	30,231	-
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,631</u>		
Net position			
Unrestricted		<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTHVILLE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities
Brownfield Redevelopment Authority
For the Year Ended June 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
State grants	\$ 2,290	\$ 30,231	\$ 32,521
Unrestricted investment income	1	-	1
Miscellaneous	15,884	-	15,884
Total revenues	18,175	30,231	48,406
Expenditures/expenses			
Community development	48,406	-	48,406
Change in fund balance / net position	(30,231)	30,231	-
Fund balance / net position, beginning of year	-	-	-
Fund balance / net position, end of year	\$ (30,231)	\$ 30,231	\$ -

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INTERNAL CONTROL AND COMPLIANCE

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

November 19, 2024

Honorable Mayor and City Council
City of Northville, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Northville, Michigan** (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Lobman LLC

APPENDIX C

FORM OF APPROVING OPINION

Founded in 1852
by Sidney Davy Miller



Miller, Canfield, Paddock and Stone, P.L.C.
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FORM OF APPROVING OPINION

City of Northville
Counties of Oakland and Wayne
State of Michigan

We have acted as bond counsel to the City of Northville, Counties of Oakland and Wayne, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of \$_____, designated 2025 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of _____, 2025, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.
2. The Issuer has pledged its limited tax full faith and credit for the payment of the Bonds and, in order to make such payment, the Issuer is obligated to provide, as a first budget obligation, sufficient general fund moneys in its annual budget and, if necessary, to levy sufficient ad valorem taxes upon all taxable property within its boundaries, subject to applicable constitutional, statutory and charter tax rate limitations.
3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal

City of Northville

-2-

_____, 2025

Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and State of Michigan income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

Except as stated in paragraph 3 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Northville, Counties of Oakland and Wayne, State of Michigan (the “City”), in connection with the issuance of its 2025 Capital Improvement Bonds (Limited Tax General Obligation) (the “Bonds”). The City covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the City prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The City hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 6th month after the end of the fiscal year of the City, the following annual financial information and operating data, commencing with the fiscal year ended June 30, 2025, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the City relating to the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. Total Taxable Value – Update as of Current Year;
- b. Total Taxable Value by Use and Class – Update as of Current Year;
- c. Percent of Total Taxable Value by Use and Class – Update as of Current Year;
- d. Total State Equalized Valuation – Update as of Current Year;
- e. Total SEV by Use and Class – Update as of Current Year;
- f. Percent of Total SEV by Use and Class – Update as of Current Year;
- g. Property Tax Rates – Update as of Current Year;
- h. Principal Residence and Non-Principal Property Tax Rates by Governmental Unit – Update as of Current Year;
- i. Property Tax Collections – Update as of Current Year;
- j. Ten Largest Taxpayers – Update as of Current Year;
- k. State Shared Revenues – Update as of Current Year;
- l. Legal Debt Margin – Update as of Current Year;
- m. Debt Statement – Update as of Current Year;
- n. Defined Contribution Pension Plan – Update as of Current Year
- o. Defined Benefit Pension Plan – Update as of Current Year; and
- p. Other Post Employment Benefits – Update as of Current Year.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the City and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the City or by specific reference to documents available to the public through EMMA or filed with the SEC.

If the fiscal year of the City is changed, the City shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The City agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the City to provide the annual financial information with respect to the City described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The City agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The City agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the City to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the City no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The City agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the City’s obligations hereunder and any failure by the City to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the City, provided that the City agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the City in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the

City to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the City has caused this Undertaking to be executed by its authorized officer.

CITY OF NORTHVILLE
Counties of Oakland and Wayne, State of Michigan

By _____
Cassandra Wiktorowski
Its: Finance Director

Dated: _____, 2025

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APPENDIX E

FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM

OFFICIAL NOTICE OF SALE
\$14,625,000*
CITY OF NORTHVILLE
COUNTIES OF WAYNE AND OAKLAND, STATE OF MICHIGAN

2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)
**Subject to adjustment as set forth in this Notice of Sale*

Bids for the purchase of the above bonds will be received in the manner described in this Notice of Sale on Wednesday, June 4, 2025, until 11:00 a.m., prevailing Eastern Time, at which time and place the bids will be read. The award or rejection of the bids will occur on that date.

ELECTRONIC BIDS: Bidders may submit bids for the purchase of the above bonds as follows:

Electronic bids may be submitted to the Municipal Advisory Council of Michigan at munibids@macmi.com; provided that electronic bids must arrive before the time of sale.

Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or CLIENT SERVICES, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. IF ANY PROVISION OF THIS NOTICE OF SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BIDCOMP/PARITY, AS THE APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS NOTICE OF SALE SHALL CONTROL.

Bidders may choose any means or location to present bids but a bidder may not present a bid by more than one means. Each bidder bears all risks associated with the submission, transmission and delivery of its bid.

BOND DETAILS: The bonds will be registered bonds of the denomination of \$5,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, originally dated as of the date of initial delivery, numbered in order of registration, and will bear interest from their date payable on October 1, 2025 and semiannually thereafter.

The bonds will mature on the 1st day of April in each of the years as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2026	\$470,000	2039	\$575,000
2027	330,000	2040	600,000
2028	345,000	2041	625,000
2029	365,000	2042	655,000
2030	380,000	2043	685,000
2031	400,000	2044	715,000
2032	420,000	2045	750,000
2033	440,000	2046	785,000
2034	465,000	2047	820,000
2035	490,000	2048	860,000

2036	510,000	2049	905,000
2037	530,000	2050	950,000
2038	555,000		

*ADJUSTMENT OF TOTAL PAR AMOUNT OF BONDS AND PRINCIPAL MATURITIES: The City reserves the right to adjust the aggregate principal amount of the bonds after receipt of the bids and prior to final award, if necessary, so that the purchase price of the bonds will provide an amount determined by the City to be sufficient to construct the Project and to pay costs of issuance of the bonds. The adjustments, if necessary, will be in increments of \$5,000. The purchase price will be adjusted proportionately to the adjustment in issue size, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

*ADJUSTMENT TO PURCHASE PRICE: Should any adjustment to the aggregate principal amount of the bonds be made by the City, the purchase price of the bonds will be adjusted by the City proportionally to the adjustment in principal amount of the bonds. The adjusted purchase price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and initial reoffering prices.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at rate or rates not exceeding six percent (6%) per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. Bonds maturing after 2035 shall bear interest at a minimum coupon rate of 4.00%. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. No proposal for the purchase of less than all of the bonds or at a price less than 100% of their par value will be considered.

PRIOR REDEMPTION OF BONDS: Bonds maturing in the years 2026 to 2035 inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 2036 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after April 1, 2035, at par and accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding bond is called for redemption, the transfer agent, upon presentation of the bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the transfer agent to redeem the bond or portion thereof.

TERM BOND OPTION: The initial purchaser of the bonds may designate any one or more maturities from April 1, 2026, through the final maturity as term bonds and the consecutive maturities on or after the year 2026 which shall be aggregated in the term bonds. The amounts of

the maturities which are aggregated in a designated term bond shall be subject to mandatory redemption on April 1 of the years and in the amounts set forth in the above maturity schedule at a redemption price of par, plus accrued interest to the date of mandatory redemption. Term bonds or portions thereof mandatorily redeemed shall be selected by lot. Any such designation must be made at the time bids are submitted and must be listed on the bid.

BOOK-ENTRY OPTION: Upon the request of the successful bidder, the bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the bonds. In the event of registration with DTC, the purchaser will not receive certificates representing their interest in bonds purchased. The book-entry-only system is described further in the preliminary Official Statement for the Bonds. It will be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the bonds. In the alternative, the successful bidder may request bond certificates to be delivered to the purchaser as one fully registered bond per maturity.

TRANSFER AGENT AND REGISTRATION: Principal shall be payable at the principal corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to an interest payment date. Interest shall be paid by check mailed to the registered owner of record as shown on the registration books of the City as of the 15th day of the month preceding the payment date. The bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The bonds are authorized for the purpose of paying the cost of acquiring and constructing various capital improvements for the City. The bonds will be a first budget obligation of the City, payable from the general funds of the City including the collection of ad valorem taxes on all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors’ rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

GOOD FAITH: A good faith deposit in the form of a certified or cashier’s check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$146,250 payable to the order of the Finance Director/Treasurer of the City will be required of the successful bidder. The successful bidder is required to submit its good faith deposit to the City as instructed by the City not later than Noon, prevailing Eastern Time, on the next business day following the sale. The good faith deposit will be applied to the purchase price of the bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS – TRUE INTEREST COST: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on October 1, 2025 and semi-

annually thereafter) necessary to discount the debt service payments from their respective payment date to June 25, 2025, the anticipated closing date, in an amount equal to the price bid, excluding accrued interest. Each bidder shall state in its bid the true interest cost to the City, computed in the manner specified above.

TAX MATTERS: In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, under existing law, assuming compliance with certain covenants, interest on the bonds is excludable from gross income for federal income tax purposes as described in the opinion, and the bonds and interest thereon are exempt from all taxation by the State of Michigan or any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

NOT “QUALIFIED TAX-EXEMPT OBLIGATIONS”: The City has not designated the bonds as “qualified tax-exempt obligations” for purposes of the deduction of interest expense by financial institutions pursuant to the Internal Revenue Code of 1986, as amended.

ISSUE PRICE: The winning bidder shall assist the City in establishing the issue price of the bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached either as Appendix F-1 or Appendix F-2 to the Preliminary Official Statement for the bonds, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and bond counsel.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the “Competitive Sale Requirements”) because:

- a. the City is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- b. all bidders shall have an equal opportunity to bid;
- c. the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- d. the City anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that all of the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City will not require bidders to comply with the “hold-the-offering price rule” (as described below), and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the bonds as the issue price of that maturity,

though the winning bidder, in consultation with the City, may elect to apply the “hold-the-offering price rule.” Bids will not be subject to cancellation in the event the Competitive Sale Requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering price rule” (as described below), bidders should prepare their bids on the assumption that all of the maturities of the bonds will be subject to the 10% Test (as described below). The winning bidder must notify the City of its intention to apply either the “hold-the-offering-price rule” or the 10% Test at or prior to the time the bonds are awarded.

If the winning bidder does not request that the “hold-the-offering price rule” apply to determine the issue price of the bonds, then the following two paragraphs shall apply:

- a. The City shall treat the first price at which 10% of a maturity of the bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the bonds; and
- b. Until the 10% Test has been satisfied as to each maturity of the bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the bonds of that maturity, provided that, the winning bidder’s reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

If the winning bidder does request that the “hold-the-offering price rule” apply to determine the issue price of the bonds, then following three paragraphs shall apply:

- a. The winning bidder, in consultation with the City, may determine to treat (i) pursuant to the 10% Test, the first price at which 10% of a maturity of the bonds is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the bonds as the issue price of that maturity (the “hold-the-offering price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the bonds satisfies the 10% Test as of the date and time of the award of the bonds. The winning bidder shall promptly advise the City, at or before the time of award of the bonds, which maturities of the bonds shall be subject to the 10% Test or shall be subject to the hold-the-offering price rule or both.
- b. By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of the award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) if the hold-the-offering-price rule applies, agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- a. the close of the fifth (5th) business day after the sale date; or
- b. the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public;

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

- c. The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds.

By submitting a bid, each bidder confirms that:

- a. any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A)(i) to report the prices at which it sells to the public the unsold bonds of each maturity allocated to it, whether or not the closing date has occurred, until either

all bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% Test has been satisfied as to the bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

- b. any agreement among underwriters or selling group agreement relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (i) report the prices at which it sells to the public the unsold bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% Test has been satisfied as to the bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (ii) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.
- c. sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of establishing issue price.

Further, for purposes of this Notice of Sale:

- a. “public” means any person other than an underwriter or a related party;
- b. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the bonds to the public);
- c. a purchaser of any of the bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of

another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

- d. “sale date” means the date that the bonds are awarded by the City to the winning bidder.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the above bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the bonds, the bidder agrees to the representation of the City by Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel.

DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York, or such other place to be agreed upon. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of delivery of the bonds. If the bonds are not tendered for delivery by twelve o’clock noon, prevailing Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if the 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit, if any. Payment for the bonds shall be made in Federal Reserve Funds.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the purchaser.

OFFICIAL STATEMENT: An electronic copy of the preliminary Official Statement that the City deems to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, has been prepared and may be obtained from MFCI, LLC, financial advisors to the City, at the email address and telephone

listed under FINANCIAL ADVISOR below. MFCI, LLC will provide the winning bidder with an electronic copy of the final Official Statement within 7 business days from the date of sale to permit the purchaser to comply with Securities and Exchange Commission Rule 15c2-12. Within 24 hours of the time of sale, the purchaser may request printed copies of the Official Statement from MFCI, LLC. The purchaser agrees to pay the cost of additional copies.

BOND INSURANCE AT PURCHASER’S OPTION: If the bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the bonds. Any and all increased costs of issuance of the bonds resulting from such purchase of insurance shall be paid by the purchaser, except that if the City has requested and received a rating on the bonds from a rating agency, the City shall pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.

CONTINUING DISCLOSURE: As described more fully in the Official Statement, the City has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, on or prior to the sixth month after the end of each fiscal year commencing with the fiscal year ended June 30, 2025, (i) certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the bonds, (ii) timely notice of the occurrence of certain material events with respect to the bonds and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in (i) above.

FINANCIAL ADVISOR: Further information relating to the bonds may be obtained from MFCI, LLC, 435 Union Street, Milford, MI 48381. Telephone (313) 782-3011. Fax (313) 782-3011. Email wc@mfcil.com.

BIDDER CERTIFICATION: NOT “IRAN-LINKED BUSINESS”: By submitting a bid, the bidder shall be deemed to have certified that it is not an “Iran-Linked Business” as defined in Act 517 Michigan Public Acts of 2012, being MCL 129.311 et. seq.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

Evan Milan
Deputy City Clerk

BID FORM
\$14,625,000[†]
CITY OF NORTHVILLE
COUNTIES OF WAYNE AND OAKLAND, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

For your legally issued Bonds, as described in the Official Notice of Sale, we will pay you par plus a premium of \$ _____ for Bonds maturing and bearing interest as follows:

Year	Amount [†]	Interest Rate	Year	Amount [†]	Interest Rate
2026	\$470,000	_____ %	2039	* \$575,000	_____ %
2027	330,000	_____ %	2040	* 600,000	_____ %
2028	345,000	_____ %	2041	* 625,000	_____ %
2029	365,000	_____ %	2042	* 655,000	_____ %
2030	380,000	_____ %	2043	* 685,000	_____ %
2031	400,000	_____ %	2044	* 715,000	_____ %
2032	420,000	_____ %	2045	* 750,000	_____ %
2033	440,000	_____ %	2046	* 785,000	_____ %
2034	465,000	_____ %	2047	* 820,000	_____ %
2035	490,000	_____ %	2048	* 860,000	_____ %
2036	* 510,000	_____ %	2049	* 905,000	_____ %
2037	* 530,000	_____ %	2050	* 950,000	_____ %
2038	* 555,000	_____ %			

*Subject to optional redemption prior to maturity.

This Bid is for all or none of the Bonds.

In making this offer, we accept all of the terms and conditions of the Official Notice of Sale published in The Bond Buyer.

Bid of :

Respectfully submitted,

Firm

Contact Name

By: _____

Contact Email

Authorized Representative

Contact Phone Number

The following is a computation of the interest cost on the above Bid. This computation is not to be considered as a part of the Bid and is subject to verification.

Gross Interest Cost	\$ _____
(-) Premium	\$ _____
Interest Cost	\$ _____
True Interest Rate	_____ %

[†] Preliminary, subject to change

APPENDIX F-1

FORM OF ISSUE PRICE CERTIFICATE – COMPETITIVE SALE

APPENDIX F-1
FORM OF ISSUE PRICE CERTIFICATE

This Form will be used if the Competitive Sale Requirements are met.

\$[]
CITY OF NORTHVILLE
COUNTIES OF OAKLAND AND WAYNE, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. Reasonably Expected Initial Offering Price

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.¹

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Issuer* means City of Northville, Counties of Oakland and Wayne, State of Michigan.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly, as defined in Treas. Reg. §1.150-1(b).

¹ Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage and Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Miller, Canfield, Paddock and Stone, P.L.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

43796637.1/065487.00057

APPENDIX F-2

FORM OF ISSUE PRICE CERTIFICATE – GENERAL RULE/HOLD THE PRICE

APPENDIX F-2
FORM OF ISSUE PRICE CERTIFICATE

This Form will be used if either the 10% Test or the Hold-the-Offering-Price Rule applies.

\$[]
CITY OF NORTHVILLE
COUNTIES OF OAKLAND AND WAYNE, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (["[SHORT NAME OF UNDERWRITER]"] [the "Representative"] [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale, [SHORT NAME OF UNDERWRITER] [the members of the Underwriting Group] [has] [have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it] [they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF UNDERWRITER] [the Underwriters] [has]

[have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at a price that is no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means City of Northville, Counties of Oakland and Wayne, State of Michigan.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly, as defined in Treas. Reg. §1.150-1(b).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM] [the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage and Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Miller, Canfield, Paddock and Stone, P.L.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER] [REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

43796643.1/065487.00057

\$14,625,000[†]
CITY OF NORTHVILLE
COUNTIES OF WAYNE AND OAKLAND, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)



[†]Preliminary, subject to change.