



**CITY OF NOVI CITY COUNCIL
DECEMBER 11, 202**

SUBJECT: Approval of the updated deficit elimination plan for the Capital Improvement Fund (CIP) as of June 30, 2023.

SUBMITTING DEPARTMENT: Finance

BACKGROUND INFORMATION:

The State of Michigan ("State") requires a formal deficit elimination plan ("DEP") be approved annually by the governing body for any funds reflecting a deficit in an annual audit. The proposed DEP is the annual update of the original plan filed for the June 30, 2019 fiscal year as the State requires it be updated for actual results and reapproved. The 2019 DEP acknowledged that the City would borrow internally to advance fund several significant projects and repay the borrowing plus interest from the voter approved millage over the ten-year duration of the millage. The Capital Improvement Fund for the year ended June 30, 2023, ended with a fund balance deficit of \$3,695,068 or a reduction of \$1,126,284 from the June 30, 2022 deficit of \$4,821,352. The City is not only on track with the original 2019 DEP, but has repaid the internal borrowing faster than originally anticipated.

RECOMMENDED ACTION: Approval of the updated deficit elimination plan for the Capital Improvement Fund (CIP) as of June 30, 2023.

CITY OF NOVI
COUNTY OF OAKLAND, MICHIGAN

RESOLUTION APPROVAL OF THE UPDATED DEFICIT ELIMINATION PLAN FOR THE CAPITAL IMPROVEMENT FUND (CIP) AS OF JUNE 30, 2023

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on December 11, 2023 at 7:00 o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers _____

ABSENT: Councilmembers _____

The following preamble and Resolution were offered by Councilmember _____ and supported by Councilmember _____.

WHEREAS; The City of Novi's Capital Improvement Fund (CIP) has a \$3,695,068 deficit fund balance on June 30, 2023; and

WHEREAS 1971 PA 140 requires that a Deficit Elimination Plan be formulated by the local unit of government and filed with the Michigan Department of Treasury; and

WHEREAS The City filed a multiyear Deficit Elimination Plan for the June 30, 2019 fiscal year and the State of Michigan requires that plan be updated annually and reapproved; and

NOW THEREFORE, IT IS THEREFORE RESOLVED that the City of Novi's legislative body adopts the following as the updated City of Novi Deficit Elimination Plan:

City of Novi
CIP Fund DEP Updated as of June 30, 2023

	Actual 6/30/2016	Actual 6/30/2017	Actual 6/30/2018	Actual 6/30/2019	Actual 6/30/2020	Actual 6/30/2021	Actual 6/30/2022	Actual 6/30/2023	Estimated 6/30/2024	Estimated 6/30/2025	Estimated 6/30/2026	Estimated 6/30/2027	Total
Revenues													
Property Tax Revenue (voted 1 mill, 10 year levy)	-	-	3,400,854	3,543,185	3,676,064	3,818,955	3,985,024	4,145,915	4,376,793	4,536,818	4,655,213	4,794,869	40,933,690
Transfer from General Fund	2,100,000	1,000,000	-	-	-	-	-	-	500,000	-	-	-	3,600,000
Transfer from Drain Fund (DPS Bldg.)	-	-	-	600,930	85,402	-	-	-	-	-	-	-	686,332
Transfer from (to) Water and Sewer Fund (DPS Bldg.)	-	240,000	-	2,421,260	(2,661,260)	-	-	-	-	-	-	-	-
Transfer from Gun Range Fund	-	-	-	245,915	-	-	-	-	-	-	-	-	245,915
Sale Anglin/Grand River Legacy Property	-	-	-	-	-	-	3,004,450	-	-	-	-	-	3,004,450
Other (donations)	-	-	-	-	-	-	26,069	-	-	400,000	-	-	426,069
Interest	-	(16,793)	17,507	57,536	2	63	207	35,464	790	4,030	8,669	29,819	137,294
Total revenue	2,100,000	1,223,207	3,418,361	6,868,826	1,100,208	3,819,018	7,015,750	4,181,379	4,877,583	4,940,848	4,663,882	4,824,688	49,033,750
Expenditures													
Anglin/Grand River Legacy Property Purchase	-	2,836,431	5,129	-	-	-	-	-	-	-	-	-	2,841,560
Lakeshore Park Facility and Reconfiguration	-	200,553	135,320	338,627	2,107,708	1,875,367	23,263	-	-	-	-	-	4,680,838
DPS Expansion/Improvement	-	270,660	306,203	8,063,002	-	1,973	-	-	-	-	-	-	8,641,838
Gun Range Improvements	-	-	4,952	1,203,419	105,116	-	-	-	-	-	-	-	1,313,487
Fire Station #1	-	11,340	13,230	-	-	-	-	-	-	-	-	-	24,570
Greenway Development Phase 1B (ITC Trail)	-	-	158,550	1,717,001	1,099,394	63,049	5,323	-	-	-	-	-	3,043,317
Villa Barr Property Improvements	-	-	25,135	232,488	-	-	-	-	-	-	-	-	257,623
Ella Mae Power Park Spectator Bleacher Upgrade	-	-	87,274	-	-	-	-	-	-	-	-	-	87,274
Pavilion Shore Parking Lot Addition	-	1,730	205,204	-	-	-	-	-	-	-	-	-	206,934
Boardwalk extensions/repair	-	-	3,000	804,746	55,194	6,508	-	-	-	-	-	-	869,448
Sidewalk Segments	-	-	-	-	40,570	662,103	252,605	11,617	-	-	-	-	966,895
Admin expenditures	-	-	1,000	1,748	810	814	860	800	815	848	882	1,000	9,577
Bosco Property Improvements	-	-	24,943	1,044,203	1,020,039	6,543	-	-	-	-	-	-	2,095,728
Bosco Property Purchase	-	-	-	759,783	-	-	-	2,101,759	-	-	-	-	2,861,542
Trans X Property Purchase	-	-	328,949	12,585	-	-	-	-	-	-	-	-	341,534
Lakeshore Park Shoreline	-	-	-	13,662	203,734	9,553	-	-	-	-	-	-	226,949
Lakeshore Pedestrian Tunnel	-	-	-	-	-	-	-	424,977	82,554	-	-	-	507,531
Pavilion Shore Park Shoreline	-	-	-	19,355	126,091	495	-	-	-	-	-	-	145,941
Wildlife Woods Park Sidewalk	-	-	-	-	-	25,269	141,699	11,057	-	-	-	-	178,025
Internal Loan Repayment - Interest (3%)	-	-	-	7,250	232,031	277,530	156,824	96,651	128,378	3,000	-	-	901,664
Ladder Truck Replacement	-	-	-	1,474,687	-	-	-	-	-	-	-	-	1,474,687
Water Tower Improvements	-	-	-	-	212,523	62,279	87,060	5,062	-	-	-	-	366,924
Jamco Property Purchase	-	-	-	-	321,408	-	-	-	-	-	-	-	321,408
Splash Pad	-	-	-	-	-	-	-	324,472	2,425,528	-	-	-	2,750,000
ITC Sports Park Improvements	-	-	-	-	-	-	-	46,225	7,275	-	-	-	53,500
Fire Engine #342 Replacement	-	-	-	-	-	-	870,828	16,415	-	-	-	-	887,243
Fire Engine #313 Replacement	-	-	-	-	-	-	-	16,060	990,423	-	-	-	1,006,483
Fire Engine #322 Replacement	-	-	-	-	-	-	-	-	1,343,404	-	-	-	1,343,404
Land Acquisitions	-	-	-	-	-	-	-	-	7,500,000	-	-	-	7,500,000
Field of Honors	-	-	-	-	-	-	-	-	500,000	-	-	-	500,000
Total expenditures	-	3,320,714	1,298,889	15,692,556	5,524,618	2,991,483	1,538,462	3,055,095	12,978,377	3,848	882	1,000	46,405,924
Revenues over (under) expenditures	2,100,000	(2,097,507)	2,119,472	(8,823,730)	(4,424,410)	827,535	5,477,288	1,126,284	(8,100,794)	4,937,000	4,663,000	4,823,688	2,627,826
Estimated Beginning Fund Balance	-	2,100,000	2,493	2,121,965	(6,701,765)	(11,126,175)	(10,298,640)	(4,821,352)	(3,695,068)	(11,795,862)	(6,858,862)	(2,195,862)	-
Estimated Ending Fund Balance	2,100,000	2,493	2,121,965	(6,701,765)	(11,126,175)	(10,298,640)	(4,821,352)	(3,695,068)	(11,795,862)	(6,858,862)	(2,195,862)	2,627,826	2,627,826

Projects using interfund borrowing (net other funds reimbursement)

BE IT FURTHER RESOLVED that the City of Novi's Finance Director submits the updated Deficit Elimination Plan to the Michigan Department of Treasury for certification.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

Cortney Hanson, City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, and State of Michigan, at a regular meeting held this 11th day of December, 2023, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

Cortney Hanson, City Clerk
City of Novi