



**CITY OF NOVI CITY COUNCIL**  
**APRIL 12, 2021**

**SUBJECT:** Consideration of the updated deficit elimination plan for the Capital Improvement Fund (CIP) as of June 30, 2020.

**SUBMITTING DEPARTMENT:** Finance

**BACKGROUND INFORMATION:** The State of Michigan requires a formal deficit elimination plan ("DEP") be approved annually by the governing body for any funds reflecting a deficit in an annual audit. City Council previously approved a DEP for the year ended June 30, 2020 for the CIP Fund which was approved by City Council on February 8, 2021.

The State of Michigan responded to the City's DEP and stated this type of fund does not record an internal loan on its schedule of revenues, expenditures and changes in fund balance and should therefore remove the internal borrowing information on the DEP. The included DEP has no net changes from the DEP approved on February 8, 2021. CIP fund still ends Fiscal Year 2027 with an ending fund balance of \$6,416,571. The Finance department included the loan line item as an "information only" to better show the funding of the fund; however, it has now been removed.

**RECOMMENDED ACTION:** Approval of the updated deficit elimination plan for the Capital Improvement Fund (CIP) as of June 30, 2020.

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, 2020**

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 April 12, 2021, 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 \$11,126,175 deficit fund balance on June 30, 2020; 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

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

City of Novi  
CIP Fund DEP Updated as of June 30, 2020

	Actual 6/30/2016	Actual 6/30/2017	Actual 6/30/2018	Actual 6/30/2019	Actual 6/30/2020	Amended Budget 6/30/2021	Estimated 6/30/2022	Estimated 6/30/2023	Estimated 6/30/2024	Estimated 6/30/2025	Estimated 6/30/2026	Estimated 6/30/2027	Total
<b>Revenues</b>													
Property Tax Revenue (voted 1 mill, 10 year levy)	-	-	3,400,854	3,543,185	3,676,064	3,824,900	3,989,480	4,129,112	4,273,631	4,423,208	4,578,020	4,738,251	40,576,704
Transfer from General Fund	2,100,000	1,000,000	-	-	-	-	-	-	-	-	-	-	3,100,000
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
Interest	-	(16,793)	17,507	57,536	2	-	-	-	-	-	10,000	30,000	98,252
<b>Total revenue</b>	<b>2,100,000</b>	<b>1,223,207</b>	<b>3,418,361</b>	<b>6,868,826</b>	<b>1,100,208</b>	<b>3,824,900</b>	<b>3,989,480</b>	<b>4,129,112</b>	<b>4,273,631</b>	<b>4,423,208</b>	<b>4,588,020</b>	<b>4,768,251</b>	<b>44,707,203</b>
<b>Expenditures</b>													
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	1,642,567	-	-	-	-	-	-	4,424,775
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	46,020	-	-	-	-	-	-	1,359,507
Fire Station #1	-	11,340	13,230	-	-	-	-	-	-	-	-	-	24,570
Greenway Development Phase 1B (ITC Trail)	-	-	158,550	1,717,001	1,099,394	33,605	-	-	-	-	-	-	3,008,550
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	72,427	-	-	-	-	-	-	935,367
Sidewalk Segments	-	-	-	-	40,570	1,321,309	-	-	-	-	-	-	1,361,879
Admin expenditures	-	-	1,000	1,748	810	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,558
Bosco Property Improvements	-	-	24,943	1,044,203	1,020,039	38,379	-	-	-	-	-	-	2,127,564
Bosco Property Purchase	-	-	-	759,783	-	-	-	-	-	-	-	-	759,783
Trans X Property Purchase	-	-	328,949	12,585	-	-	-	-	-	-	-	-	341,534
Lakeshore Park Shoreline	-	-	-	13,662	203,734	28,112	-	-	-	-	-	-	245,508
Pavilion Shore Park Shoreline	-	-	-	19,355	126,091	93,637	-	-	-	-	-	-	239,083
Internal Loan Repayment - Interest (3%)	-	-	-	7,250	232,031	524,535	456,091	385,594	312,982	238,191	161,156	81,811	2,399,641
Ladder Truck Replacement	-	-	-	1,474,687	-	-	-	-	-	-	-	-	1,474,687
Water Tower Improvements	-	-	-	-	212,523	303,940	-	-	-	-	-	-	516,463
Jamco Property Purchase	-	-	-	-	321,408	-	-	-	-	-	-	-	321,408
ITC Sports Park Improvements	-	-	-	-	-	-	-	4,020,970	-	-	-	-	4,020,970
Fire Engine #342 Replacement	-	-	-	-	-	-	830,400	-	-	-	-	-	830,400
Fire Engine #313 Replacement	-	-	-	-	-	-	-	871,920	-	-	-	-	871,920
Fire Engine #322 Replacement	-	-	-	-	-	-	-	-	981,236	-	-	-	981,236
<b>Total expenditures</b>	<b>-</b>	<b>3,320,714</b>	<b>1,298,889</b>	<b>15,692,556</b>	<b>5,524,618</b>	<b>4,107,504</b>	<b>1,287,491</b>	<b>5,279,484</b>	<b>1,295,218</b>	<b>239,191</b>	<b>162,156</b>	<b>82,811</b>	<b>38,290,632</b>
Revenues over (under) expenditures	2,100,000	(2,097,507)	2,119,472	(8,823,730)	(4,424,410)	(282,604)	2,701,989	(1,150,372)	2,978,413	4,184,017	4,425,864	4,685,440	6,416,571
Estimated Beginning Fund Balance	-	2,100,000	2,493	2,121,965	(6,701,765)	(11,126,175)	(11,408,779)	(8,706,790)	(9,857,162)	(6,878,749)	(2,694,733)	1,731,131	-
Estimated Ending Fund Balance	2,100,000	2,493	2,121,965	(6,701,765)	(11,126,175)	(11,408,779)	(8,706,790)	(9,857,162)	(6,878,749)	(2,694,733)	1,731,131	6,416,571	6,416,571

Projects using interfund borrowing (net other funds reimbursement)

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

**AYES:**

**NAYS:**

RESOLUTION DECLARED ADOPTED.

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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 12th day of April, 2021, 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.

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Cortney Hanson, City Clerk  
City of Novi