



CITY OF NOVI CITY COUNCIL
DECEMBER 11, 2022

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.