



CITY OF NOVI CITY COUNCIL DECEMBER 15, 2025

SUBJECT: Approval of the deficit elimination plans for the Capital Improvement Fund (CIP) as of June 30, 2025.

SUBMITTING DEPARTMENT: Finance

KEY HIGHLIGHTS :

- The State requires annual approval of a deficit elimination plan (DEP)
- Capital Improvement Fund (CIP) has a \$5,320,793 deficit fund balance on June 30, 2025

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, 2025, ended with a fund balance deficit of \$5,320,793, an improvement of \$3,730,311 from the June 30, 2024 deficit of \$9,051,104. The City anticipates collecting more than \$9.8 million in property tax and other revenues over the remaining two years of the levy to eliminate the deficit, pay interest owed on interfund borrowing and still has an estimated \$492K available for future projects through June 30, 2027.

RECOMMENDED ACTION: Approval of the deficit elimination plan for the Capital Improvement Fund (CIP) as of June 30, 2025.