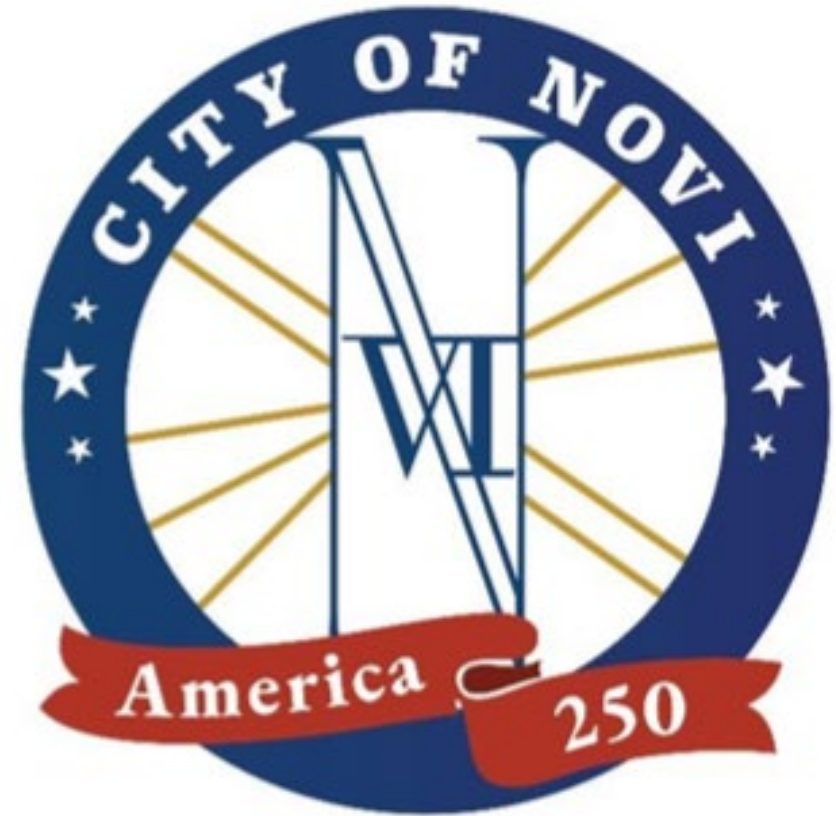
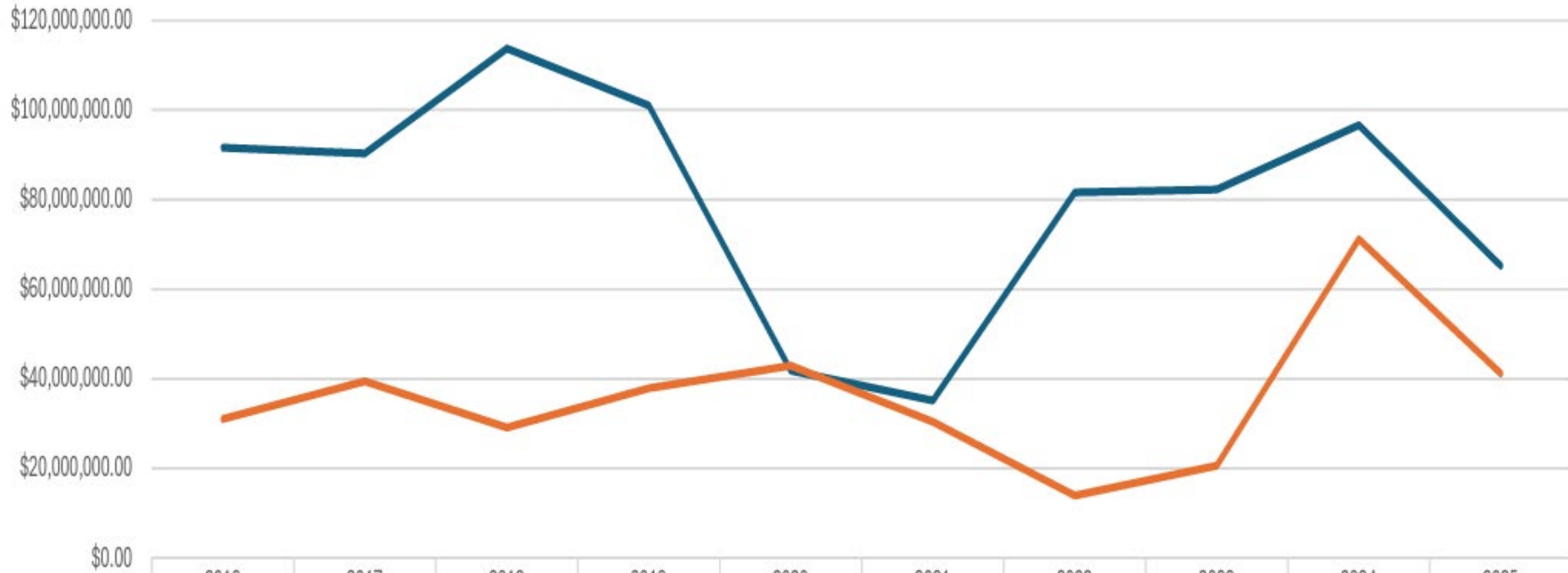


Proposed FY 26/27 Annual Budget



Construction Values (10-year history)



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Commercial Building Permits	\$91,552,573.00	\$90,296,432.00	\$113,734,193.00	\$101,034,599.00	\$41,843,436.00	\$35,181,665.00	\$81,617,892.00	\$82,277,787.00	\$96,570,242.00	\$65,287,417.00
Residential/Multifamily Building Permits	\$31,092,827.00	\$39,452,293.00	\$29,135,510.00	\$37,944,839.00	\$42,905,513.00	\$30,430,270.00	\$13,994,863.00	\$20,588,132.00	\$71,225,124.00	\$41,230,959.00

General Fund Three-Year Projection

	ACTUAL 2024-25	ESTIMATED 2025-26	BUDGET 2026-27	PROJECTED	
				2027-28	2028-29
TOTAL APPROPRIATIONS	\$ 43,878,921	\$ 46,632,961	\$ 48,385,669	\$ 51,273,602	\$ 54,309,723
NET OF REVENUES/APPROPRIATIONS	\$ 941,943	\$ 255,473	\$ 240,361	\$ (1,759,469)	\$ (3,679,826)
BEGINNING FUND BALANCE	12,084,391	13,026,334	13,281,807	13,522,168	11,762,699
ENDING FUND BALANCE	\$ 13,026,334	\$ 13,281,807	\$ 13,522,168	\$ 11,762,699	\$ 8,082,873

Fund balance as a percentage of total annual expenditures

30%

28%

28%

23%

15%

Proposed Millage Levy

	CITY CHARTER	ADJUSTED CHARTER MAXIMUM HEADLEE		2026 LEVY	REVENUE
		2025	2026		
OPERATING FUNDS					
GENERAL FUND-Operating	6.5000	4.7390	4.7390	4.7390	\$ 25,642,305
GENERAL FUND-PA 359 Advertising*	0.0000	3.9120	3.9120	0.0095	50,000
MUNICIPAL STREET FUND	1.5000	1.4162	1.4162	1.4162	7,463,661
PUBLIC SAFETY	1.8000	1.3485	1.3485	1.3485	7,182,454
PARKS AND RECREATION	0.5000	0.3639	0.3639	0.3639	1,908,420
DRAIN REVENUE FUND	1.0000	0.7285	0.7285	0.6358	3,382,871
CIP FUND	1.0000	0.9491	0.9491	0.9491	4,948,264
LIBRARY FUND	1.0000	0.7285	0.7285	0.7285	3,749,691
LIBRARY FUND-PA 164 of 1877	0.0000	0.0000	0.2000	0.2000	1,084,409
					<u>55,412,075</u>
DEBT SERVICE FUNDS					
2008 LIBRARY DEBT FUND	(as needed)	N/A	N/A	0.0426	191,484
2026 UNLIMITED TAX BONDS-PUBLIC SAFETY FACILITIES	(as needed)	N/A	N/A	1.0000	5,445,960
				<u>11.4331</u>	<u>\$ 61,049,519</u>

Property Tax Breakdown*



City of Novi



Local School Districts, State Education Tax, Oakland County, Schoolcraft College, Oakland County Community College, Huron Clinton Metro Parks, Zoo Authority & Art Institute

*This represents the amount for Principal residents. Only \$0.20 of every property tax dollar goes to the City of Novi for Non-Principal residents.

Examples of Funds and their Purposes

- **General Fund**-this is the main operating fund of the City and houses the majority of departments. It is funded primarily by tax revenue. The General Fund can support other funds but the opposite is not true.
- **Road Funds** (Major, Local and Municipal Streets)- Major and Local Streets are state-mandated funds for road maintenance and improvements and are supported by weight and gas tax based on a formula. The City supplements road funding with a tax levy for Municipal Streets.
- **Capital Improvement Fund**-The City levies a tax for capital improvements. This fund can only support expenditures that are deemed to be capital in nature.
- **Water and Sewer Fund**-This fund is supported by rate payers. Water and Sewer rates reflect the cost of operations, debt (if any) and capital needs.

In general, if a fund is set up outside of the General Fund, there is separate funding and separate spending restrictions.

Proposed FY 26/27 General Fund

	Forecasted Revenues	Forecasted Expenditures	Surplus (Shortfall)
Recurring	\$ 46,492,214	\$ 48,909,170	\$ (2,416,956)
One-time	\$ 425,000	\$ 2,495,750	\$ (2,070,750)
Total	\$ 46,917,214	\$ 51,404,920	\$ (4,487,706)
Budget Impacts-Recurring	\$ 1,348,484	\$ (1,210,737)	\$ 2,559,221
Budget Impacts-One-time	\$ 360,332	\$ (1,808,514)	\$ 2,168,846
Remaining Surplus (Shortfall) for FY2026-27	\$ 48,626,030	\$ 48,385,669	\$ 240,361

GENERAL FUND EXPENDITURES

The City's General Fund budget is a plan for providing essential services to the public. Total General Fund budgeted expenditures are allocated as follows:



Public Safety
57.2% \$27.6M

Police patrol, Fire operations, Police & Fire investigation, Citywide emergency preparedness and Traffic enforcement



General Government
22.2% \$10.7M

City Council, City Manager, City Clerk, Human Resources, Technology, Finance, Assessing and Community Relations



Public Works
8.5% \$4.1M

Administration, Engineering, Field Operations and Fleet Asset Management



Community & Economic Development
7.7% \$3.7M

Planning & Zoning, Ordinance enforcement, Economic Revitalization



Recreation & Culture
3% \$1.4M

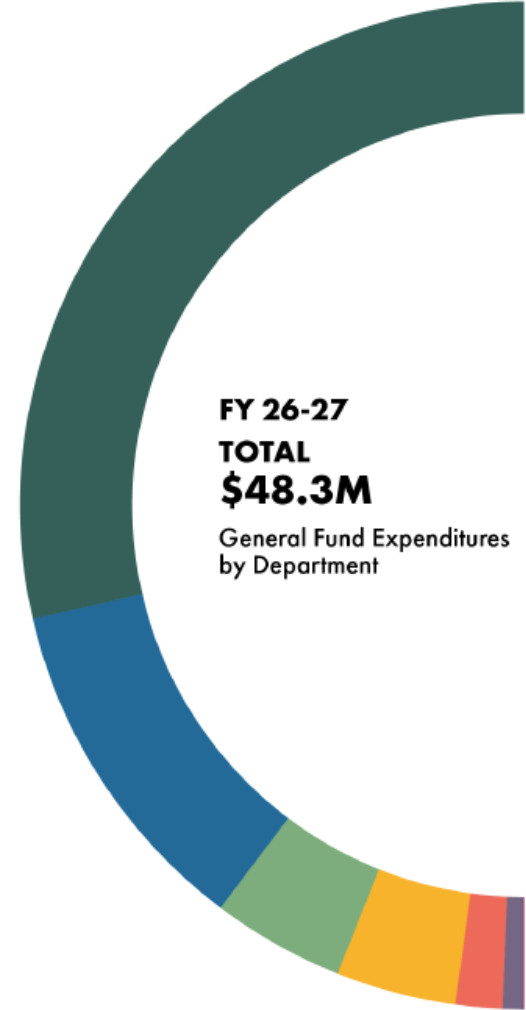
Parks & Recreation, Facilities maintenance



Capital Outlay
1.3% \$676K



Transfers
0.05% \$25K



**FY 26-27
TOTAL
\$48.3M**
General Fund Expenditures
by Department

Review of the budget process

General Fund Revenue changes

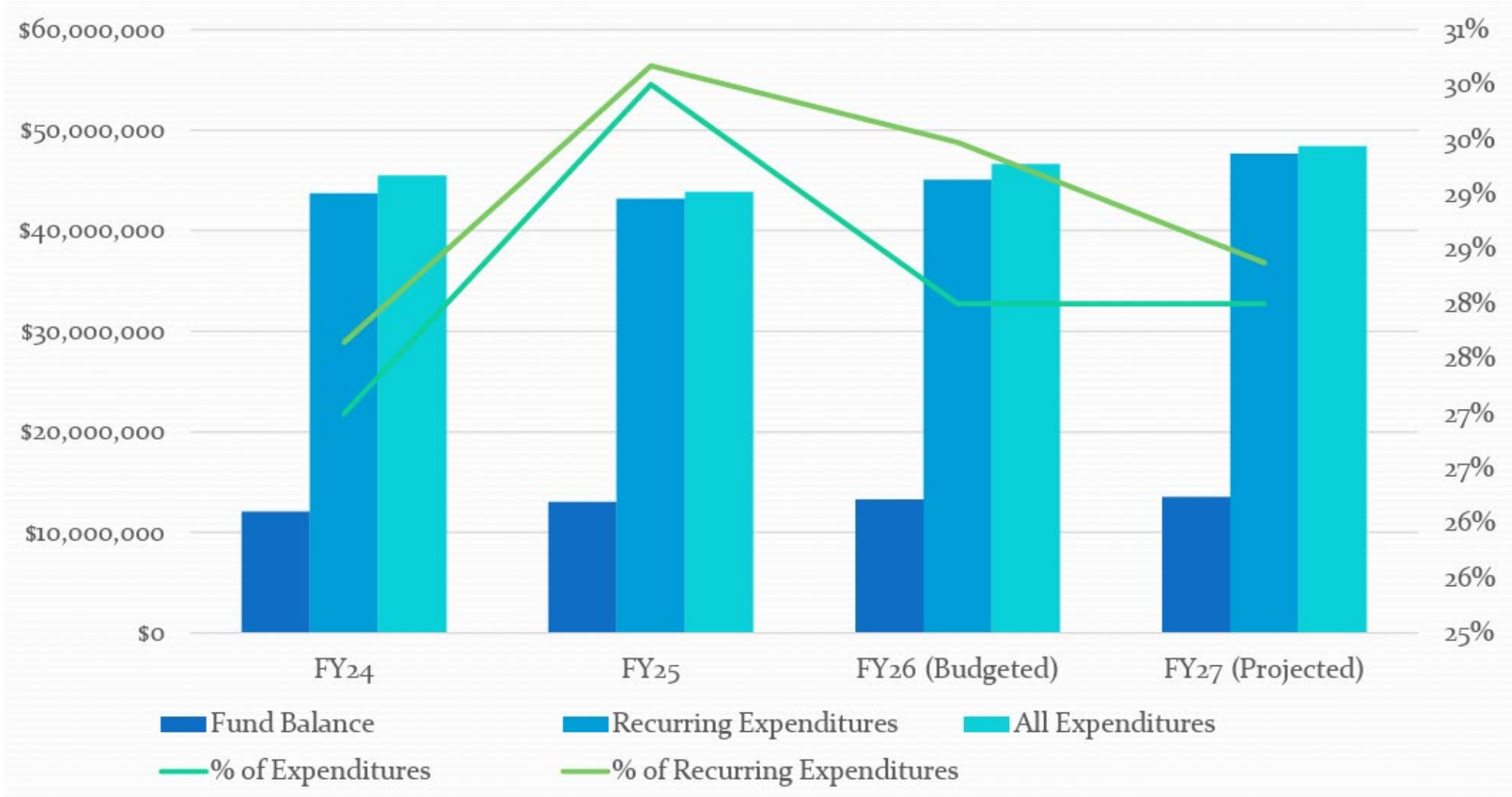
- **Finance prepared a revenue forecast that projected a \$1 million reduction from last year's FY27 estimate**
 - Largest impact is state-shared revenue-\$832K
- **New Revenues of \$1.7M were added to the proposed FY27 budget, including:**
 - \$378K in Tax Revenue-Increases are still above CPI, but growth is slowing due to less new construction
 - \$490K for Recycling Cost Recovery
 - \$266K in new Fire Inspection Fees
 - \$144K in increased Building Fees
 - \$360K one-time use of Self-Insurance Fund Balance to help absorb health care increases

Review of the budget process

General Fund Revenue changes

- Departments prepared changes to the FY27 original budget forecast shared with Council-\$4.6 million increase
- Largest impact was Personnel Costs-\$2.9 million
 - \$889K-Fully Budgeted for all FTEs
 - \$383K for Pension Increases (DB and DC)
 - \$463K for Fire Part-time and Auxiliary
 - \$255K for Overtime, Holiday Pay and DPW Temp Staff
 - \$423K for Health Insurance Increases
 - \$64K for Police Contract Settling for 1% more than planned
 - \$423K for All Other
- Services was the second largest impact-\$964K
 - \$340K-Vehicle Maintenance and gas (\$200K is Fire, \$56K is Police, \$75K is DPW)
 - \$263K-Recycling costs
 - \$361K-All Other
- Capital was the third largest impact-\$678K
 - \$476K-Police vehicles moved to the General Fund due to depletion of forfeiture revenue
 - \$200K-Police Equipment (In-car equipment, License Plate Readers, etc.)

Fund Balance of the General Fund



General Fund Five-Year Projection

