



**City of Rochester Hills  
AGENDA SUMMARY  
NON-FINANCIAL ITEMS**

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**Legislative File No:** 2009-0132

**TO:** Mayor and City Council Members  
**FROM:** Greg Hooper, Council President  
**DATE:** March 24, 2009  
**SUBJECT:** Fund Balance Policy

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The topic of a Fund Balance Policy was an Agenda item at the Team Building Session held on January 24, 2009 at the Oakland University INCubator. Discussion took place relevant to the following:

- Is it still appropriate to strive for 15-20% of annual operating fund expenditure for each fund's, Fund Balance?
- When should we use Fund Balance? What constitutes a rainy day to start use? Metrics?
- At what level will we stop using Fund Balance? (what %)
- Should we use fund balance when we have not maxed out our millages?
- What should be the priority use of fund balance? One time Capital projects? Annual operating and maintenance expenses?
- City Council will change every two years, how do we ensure a long term Fund Balance strategy for the administration?

The logical next step in this process was to take the discussion points from that meeting and develop a draft Fund Balance Policy. My intention is that the attached document will be utilized for discussion and deliberation purposes, to help aid Council in the development of a final Fund Balance Policy. The goal is to develop a Fund Balance Policy to guide City Council in the budget process for 2010 and beyond.

Please take the time to review the attached draft policy and be prepared to discuss this item at the March 30<sup>th</sup> meeting.

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