



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org

Legislative File No: 2024-0305

TO: Mayor and City Council Members
FROM: Strategic Planning and Policy Technical Review Committee
DATE: June 14, 2024
SUBJECT: Governmental Fund Balance Policy

REQUEST:

The Strategic Planning and Policy Technical Review Committee recommends the adoption of the updated Governmental Fund Balance Policy.

BACKGROUND:

The City of Rochester Hills current Governmental Fund Balance Policy was approved by the City Council on June 4, 2018, and began to be implemented as part of the FY 2019 Budget.

The current Policy was developed by researching best practices in Fund Balance Policies per the Governmental Finance Officers Association (GFOA), examining Fund Balance Policy best practice examples from communities all across the country, communications and discussions with the City's Auditor, reviewing the best practices in context with the City of Rochester Hills unique financial structure and risks, and finally by tailoring the most relevant of best practices researched into a comprehensive policy intended to serve the City in the future.

As the current Policy has been in place for five (5) years, one of City Council's Objectives for FY 2024, included under Goal #2: Fiscal Management, was for staff to "Review the efficiency and effectiveness of the City's Governmental Fund Balance Policy, to ensure fiscal responsibility."

The City Council Strategic Planning & Policy Technical Review Committee met on May 20, 2024 as well as June 10, 2024, to review, discuss, and ultimately recommend an updated Governmental Fund Balance Policy. Through thoughtful and productive discussion, the Committee feels this proposed Policy clearly and transparently defines the City's strategic intent regarding the management of prudent fund balance reserves moving forward.

In summary the updated Governmental Fund Balance Policy calls for:

- Fund Balance target ranges for the following funds:
 - General Fund 25-35% of annual operating expenditures

If approved, the updated Policy will be implemented starting in the FY 2025 Budget, and shall be implemented over a 3-year timeframe.

RECOMMENDATION:

The Strategic Planning and Policy Technical Review Committee recommends the adoption of the updated Governmental Fund Balance Policy.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
Deputy Clerk		