*Summary: The City of Novi general fund fund balance policy is have greater than 3 months (25%) and less than 4 months (33%) of unassigned fund balance in reserves, with the the high 20% area as the 'target'. Should the expected balance drop to 25% or below, corrective actions must take place immediately. If the balance is expected to be 33% or higher, council shall discuss the purpose and consider if the elevated balance is appropriate and any futher steps.*

| Savings in Month Equivalent | FB as % of expenses | | |
|---|---|---|---|
| 3 months | 25% or below | Action Required | (1) |
| | 26% | | |
| | 27% | | |
| | 28% | | |
| | 29% | Target Range | |
| | 30% | | |
| | 31% | | |
| | 32% | | |
| 4 months | 33% or greater | Action Required | (2) |

(1) if fund balance is expected to fall to 25% or lower the following corrective action is required:

the City will immediately create a plan such that fund balance is >25% within three years by:

(a) controlling operating expenditures, adjusting operations and/or dedicating excess or specific revenue sources

(b) adjusting operations and/or

(c) dedicating excess or specific revenue sources

(d) any other means as recommended by staff and approved by City Council

(2) if fund balance is expected to be 33% or greater, the following action is required:

the City Council shall discuss elevated fund balance level, and shall consider:

(a) moving a portion of fund balance from unassigned to assigned

(b) lowering taxes

(c) appropriating funds over the next three fiscal years to one time/capital projects and/or

(d) articulating reason for elevated balance (saving for pension paydown, anticipated economic downturn, etc)

(e) other option as council deems appropriate