

Powell Township Government
101 Bensinger
P.O. Box 319
Big Bay, Michigan 49808

Fund Balance Policy

Fund Balance

1. Fund Balance

The township board shall budget for a general fund balance that equals at least 200% of projected expenditures or twenty four month(s) of operating revenues.

Capital Improvement Planning

1. Capital Improvement Plan

The township *planning* commission, township board, and supervisor shall be responsible for the development and updating of the township capital improvement plan, subject to final approval of the township board, planning commission. The capital improvement plan will be reviewed annually, with such review completed at least two months prior to initiating the development of the proposed township operating budget.

2. Scope

The capital improvement plan shall address the medium and long-range needs of the township regarding building, lands, major equipment and infrastructure. The capital improvement plan shall prioritize such needs for the next six years beyond the current fiscal year.

A capital improvement is defined as a major project or purchase that is generally not recurring, has a long life expectancy, costs more than \$50,000 and generally fits into one of the following categories:

- Acquisition, lease or development of land
- Construction of new buildings and facilities and/or additions, including design, engineering and other pre-construction costs. This includes major building improvements that are not routine expenses and that substantially enhance the value of a structure by adding capacity or square footage.
- Construction or extension of sewer and/or water systems
- Construction or extension of roads or pathways
- Acquisition of large vehicles/equipment (fire truck, ambulance, backhoe, etc.)

3. Budget

The capital improvement budget shall constitute those projects programmed for the first fiscal year of the six-year CIP. The capital improvement budget is enacted as a part of the annual budget adopted by the township board and will be the basis upon which funds are appropriated during the budget year for identified projects.

4. Program Forms

One completed Project Request Form shall be submitted for each project being recommended for the CIP.

Departments are to prioritize their proposed projects and complete a Project Request Form for each one. The Project Request Form will be used as a tool to select projects for the draft CIP.

5. Project Requests

Department heads and elected officials shall submit any suggested projects to be included in the capital improvement plan to the Township Board, who shall develop a capital improvement plan that includes the following information on each project:

1. Priority of need within the requesting department
2. Justification for priority ranking
3. Estimated year project to commence
4. Estimated year project should be completed
5. Total estimated acquisition or construction cost
6. Proposed method of financing acquisition or construction
7. Annual debt service requirements of the project
8. Estimated annual operating expenses after completion
9. Method of financing operating expenses

6. Public Hearing

If the township board develops the plan: The township board shall hold a public hearing on the capital improvement plan prior to adopting the plan.

If the planning commission has final approval of the plan: The planning commission shall hold a public hearing on the capital improvement plan prior to adopting the plan.

If the township board has final approval of the plan: The *supervisor* shall hold a public hearing on the capital improvement plan prior to submitting the capital improvement plan to the township board. The township board may hold additional hearings on the capital improvement plan.

7. Adoption

Prior to beginning the development of the proposed township budget for the ensuing fiscal year, the township board shall adopt the capital improvement plan as recommended or following any alterations the township *board* deems advisable. All parties involved in the development of the proposed township budget shall address any implications of the capital improvement plan in the proposed budget.

Clerk's certification: I hereby certify that the above Fund Balance Policy was adopted by the Township Board at their Regular Meeting held on March 21, 2017.





Powell Township Clerk

Date