



CHARTER TOWNSHIP OF HIGHLAND

205 North John Street • Highland, Michigan 48357 • (248) 887-3791

Resolution #12-17:

To Adopt a Fund Balance Policy

At a regular meeting of the Charter Township of Highland Board of Trustees held on the 10th day of October, 2012;

Present: Patricia M. Pilchowski, Mary L. McDonell, Judith A. Kiley, Mary Pat Chynoweth, Raymond Polidori, Barry Sherman, Russ Tierney

Absent: None

The following resolution was offered by Mr. Polidori and supported by Mrs. Kiley:

Whereas, the Charter Township of Highland believes that sound financial management principles require sufficient funds be retained by the Township to provide a stable financial base at all times, and

Whereas, In order to do so, the Township needs to maintain a fund balance sufficient to fund all cash flows of the Township, to provide for financial reserves for unanticipated one-time expenditures, revenue shortfalls and/or emergency needs, and

Whereas, the Township Board needs to identify the size and composition of the Township's desired fund balance for governmental funds and to identify certain requirements for classifying fund balance in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*,

Therefore be it resolved that Highland Township's Fund balance will be displayed in the following classifications:

Non-spendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact

Restricted fund balance—amounts constrained to specific purposes

Unrestricted:


Committed fund balance—amounts constrained to specific purposes by the board, as recommended by the Supervisor; to be reported as committed; amounts cannot be used for any other purpose unless the board takes the same highest-level action to remove or change the constrain

Assigned fund balance—amounts the board *intends* to use for a specific purpose.

Unassigned fund balance—amounts that are available for any purpose (these amounts are reported only in the general fund),


And let it be Further resolved that the goal of the board shall be to maintain a minimum unassigned fund balance of no less than 40% of General Fund expenditures. For purposes of this calculation, “expenditure” will be the annual budgeted expenditures amount less non-recurring capital expenditures. If unassigned fund balance levels fall below 40% of expenditures, the General Fund budget for the following year will be adjusted to restore fund balance to the 40% level. If unassigned fund balance approaches a level that greatly exceeds 60% of expenditures, the Township Board will consider using unassigned fund balance for the following purposes: funding OPEB Trust, pay down future debt (drains/bonds), transfer funds to Capital Projects fund for future Capital Improvements and other future obligations of the Township. Fund balance levels will be analyzed each fiscal year after the financial statement audit.

RESOLUTION DECLARED ADOPTED


Patricia M. Pilchowski, Supervisor


Mary L. McDonell, MMC, Township Clerk

I hereby certify that the above is a true and correct copy of a resolution adopted by the Charter Township of Highland Board of Trustees of the County of Oakland, State of Michigan on the 10th day of October, 2012.


Mary L. McDonell, MMC, Township Clerk