

# **Drummond Island Township Capital Expenditure Policy**

**Purpose:** To establish guidelines for the planning, approval, and execution of capital expenditures to ensure fiscal responsibility and long-term asset management.

**Scope:** This policy applies to all departments and employees involved in the planning, approval, and execution of capital projects within the township.

## **Definition of Capital Expenditures**

Capital expenditures are defined as funds used by the township to acquire, upgrade, or maintain physical assets such as property, buildings, technology infrastructure, major equipment, and real estate. These expenditures are expected to provide benefits for a period exceeding five years.

## **Planning and Budgeting**

1. All departments must submit an annual Capital Improvement Plan (CIP) for inclusion in the township's budget.
2. The CIP should include a detailed description of each proposed capital project, cost estimates, funding sources, and a timeline for completion. These details will be provided in the designated CIP template.
3. Priority will be given to projects that address critical needs, improve public services, or provide long-term cost savings.

## **Approval Process**

Each proposed capital project must be reviewed and approved through the following steps:

- Initial review by the departmental head.
- Completed CIP template provided to Township Board to review.
- Approval by the Township Board at public meeting.

Projects exceeding **\$100,000** over the projected lifetime must also be subject to a public hearing.

## **Funding Sources**

Capital expenditures can be funded through:

- General funds
- Grants
- Bonds or loans
- Special assessments
- Donations

Funding sources must be secured before project initiation.

## **Execution and Management**

1. All capital projects must be managed by a designated project manager responsible for overseeing the project's progress, budget, and compliance with township policies.
2. Regular progress reports must be submitted to the Township Board and made available to the public no less than quarterly.
3. Any significant changes to the scope, timeline, or budget of a project must be approved by the Township Board.

### **Maintenance of Capital Assets**

Each department is responsible for the proper use, maintenance, and safeguarding of capital assets.

### **Audit and Review**

1. The township will conduct regular audits of capital expenditures to ensure compliance with this policy.
2. The policy will be reviewed annually by the Township Board and updated as necessary to reflect changes in regulations, best practices, and township needs.

Last review and approval: \_\_\_\_\_