

**City of Dearborn
Major Street & Trunkline Fund
Proposed FY2018 Budget**

This fund was established by state law to account for expenditures of state gas and weight tax collection allocations to the City. Their use is restricted to maintenance and construction of roads and streets and related expenditures. Ten percent of revenue may be expended for non-motorized transportation.

General Comments:

- Currently Public Act 51 allows the Major Street Fund to transfer up to 50% of Gas & Weight taxes to the Local Street Fund. Additional transfers can be done if certain criteria are met.

Revenues:

- In November 2015 the Michigan Legislature passed and Governor Snyder signed new transportation funding bills providing additional transportation revenue utilizing the Act 51 funding formula beginning in FY17. The Proposed Estimated Revenue for FY's 18, 19 & 20 are conservative estimates based on FY16 actual and FY17 year to date and include an allocation based upon the State of Michigan's estimated distribution schedule for the new revenue source. However, if actual collections exceed estimated revenue, the excess would serve to enhance fund balance or could be appropriated for additional projects.
- Beginning in FY15 the General Fund no longer provided an Operating transfer to the major street fund for Garbage & Rubbish millage funded activity. This operating transfer was converted to direct tax revenue to remove an internal budget duplication. Revenue is based on the tax allocation model and recorded as property taxes, real and personal directly. This revenue covers a portion of street sweeping and leaf collection programs.
- For FY18, FY19 and FY20 the General Fund is contributing \$25,000 per year to the Major Street Fund for the Sidewalk Repair Program.

Expenditures:

- FY18, FY19 and FY20 budget for the Operating transfers out to the Local Street Fund includes a transfer of 45% for each fiscal year, which is within the standard currently allowed by Public Act 51 to provide for a balanced budget with a conservative fund balance.
- FY18 budget for Infrastructure repair and maintenance-projects includes \$7.0 million of projects funded on FY18 CIP including the balance of project budget that is anticipated to roll from prior years.

Fund Balance:

- Fund balance must be used for major street maintenance projects. Fund balance needs to be sufficient for working capital and have the potential to absorb leaf program overruns, high cycle winters for higher than average snow fall/ice and the associated cost for salting/plowing as well as above average traffic signal maintenance provided by Wayne County. Unexpended project budget automatically carries forward from year to year until the project is completed. Actual fund balance will be higher, but is dedicated and appropriated for completing the projects.

Fund Balance

Target Reserve

120,000	Winter Maintenance-higher than average salting/plowing
40,000	Leaf Pick-up program-higher than average
25,000	Traffic Control Equipment-higher than average
<u>250,000</u>	Working Capital
<u>435,000</u>	Target Fund Balance
442,565	FY17 Estimated Fund Balance
7,565	Variance from Target