

**City of Dearborn  
Local Street 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 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 with FY15 the General Fund no longer provided an Operating transfer to the local 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 cover a portion of street sweeping and leaf collection programs.
- For FY18, FY19 and FY20 Federal Revenue signifies a change in the accounting treatment of the Block grant funding from an operating transfer. FY19 and FY20 reflect an estimate of the grant award along with the projects to be supported.
- For FY18, FY19 and FY20 the General Fund is contributing \$75,000 per year to the Major Street Fund for the Sidewalk Repair Program.
- The FY18, FY19 and FY20 budget for the Operating transfers in from the Major 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.

**Expenditures:**

- FY18 budget for Infrastructure projects includes \$6.1 million of projects funded on FY18 CIP including the balance of project budget that is anticipated to roll from prior years. This includes a contingency project used to fund current project actual/budget variances, pay final MDOT invoices as well as fund new projects during the year that may require immediate funding.

**Fund Balance:**

- Fund balance must be used for local street projects and maintenance of local streets. 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. 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**

40,000	Winter Maintenance-higher than average salting/plowing
25,000	Leaf Pick-up program-higher than average
25,000	Traffic Control Equipment-higher than average
<u>150,000</u>	Working Capital
<u>240,000</u>	Target Fund Balance
<u>244,475</u>	FY17 Estimated Fund Balance
4,475	Variance from Target