

**City of Dearborn
Fleet Replacement Fund
Proposed FY2018 - FY2020 Budget**

This fund accounts for the accumulation of lease payments from various departments for the purpose of replacement vehicles and like equipment. Receipts from the sales of used vehicles are also recorded in this fund. The intent of the fund is to accumulate resources over time from charging departments, similar to a car loan or lease payment. When the useful life of a vehicle has expired, resources will be available for a replacement. The design is not to fully fund the replacement of all assets, but to have sufficient resources on hand to replace the assets with expiring useful life.

For FY18 thru FY20, the budgeted lease payments charged to the departments have been reduced to a pay as you go model. Each department's lease payment has been reduced to a level that will cover the vehicles scheduled for replacement during FY18, FY19, and FY20, and still maintain a positive reserve balance within the fund for each department thru FY20.

Revenue

- Lease payments (see above) accumulate in this account as revenue and are expended when a vehicle is purchased.

Expenditures

- Purchase requests were submitted by departments and reviewed by the Fleet Accountant and Fleet Manager.

Retained Earnings

- Fiscal Year 2017's projected retained earnings are \$16.3 Million. The projected book value of fixed assets make up \$12.5 Million of this amount, leaving \$3.8 Million as liquid retained earnings for planned replacement purchases.
- A large group of City vehicles are projected to be replaced in Fiscal Year 2020. Building retained earnings will be necessary through Fiscal Year 2019.