

## Major Street Fund

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The Major Street Fund is a Special Revenue Fund, that is, the revenues received are for a special purpose, construction and maintenance of 20.16 miles of primary or major streets plus the maintenance of two state trunklines, US-2 and M-95.

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**Revenues:** Major Street Fund revenues are projected at \$562,900, \$8,900 (1.61%) higher than the current year's budget, and is due mainly to higher interest earnings of the fund.

State Grants are projected at \$547,700, \$2,700 (.50%) higher than the current year's budget.

Interest and Rents are budgeted at \$14,000, \$6,500 (86.67%) higher than the current year's budget, and \$2,000 lower than the current year's estimated actual. While interest rates are up, construction and needed transfers to the Local Street Fund will result in a lower fund balance to invest.

Miscellaneous Revenue is budgeted at \$1,200, the same as the current year's estimated actual.

Other Financing Sources are budgeted again this year at \$-0-, with no contributions being transferred from the General or Capital Improvement Funds.

**Expenditures:** Major Street Fund expenditures are budgeted at \$683,951, \$98,488 (16.82%) higher than the current year's estimated actual.

Construction is budgeted at \$76,675, \$116,995 (60.4%) lower than the current year's estimated actual. These monies are targeted to be used for resurfacing portions of four streets over the next two fiscal years and for the city's portion of the bike trail costs.

Maintenance is budgeted at \$248,910, \$22,700 (10.03%) higher than the current year's estimated actual, and \$7,485 (2.91%) lower than the current year's budget. Routine maintenance, traffic signs, tree maintenance, and winter maintenance expenditures are budgeted here.

Administration is budgeted at \$47,586, \$3,311 (7.47%) higher than the current year's budget. Wage and benefit increases are the main reasons for this increase.

Transfers are budgeted at \$184,770, \$175,000 higher than the current year's budget and estimated actual. This increase is entirely attributed to a \$175,000 transfer to the Local Street Fund for paving and reconstruction. This is a much needed transfer for the Local Street Fund, as its ACT 51 revenues from the State are lower than what the Major Street Fund receives, while there are more miles of local streets to maintain than major street miles. Of the \$184,770 budgeted here, \$9,770 is being transferred to the Health Insurance Fund for its share of retiree health care costs.

State Trunkline Maintenance is budgeted at \$126,010, \$19,772 (18.61%) higher than the current year's estimated actual, and \$3,527 (2.87%) higher than the current year's budget. These are costs related to maintaining US2 and M95, and include routine maintenance, traffic signal maintenance, grass cutting, winter maintenance, and various other work done on the highways. These costs are reimbursed by the State.

**Fund Balance:** The Major Street Fund balance is estimated to be \$534,664 at June 30, 2006 and \$413,613 at the end of fiscal year 2006-07, a decrease of \$121,051.

**Future Fund Outlook:** As long as the Major Street Fund is able to transfer monies to the Local Street Fund, it should do so, as in the near future, 01/01/09 to be exact, the ability of the Major Street Fund to transfer funds to the Local Street Fund will be limited to the extent matched by local revenues (for example, General Fund revenues or special assessments). For both fiscal years 2006-07 and 2007-08, \$175,000 has been budgeted as a transfer to the Local Street Fund. Because of these proposed transfers the Major Street Fund's balance will decrease to an estimated low of \$297,569 at 6/30/08. However, the fund balance should rebound somewhat once the transfers are decreased or eliminated effective 01/01/09.