

**SCHOOLCRAFT COUNTY ROAD COMMISSION
2020 GENERAL APPROPRIATIONS ACT**

The Schoolcraft County Road Commission Board of Commissioners resolves:

SECTION 1: This resolution shall be known as the Schoolcraft County Road Commission 2020 General Appropriations Act.

SECTION 2: Pursuant to MCL 141.412 and 141.413, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on September 12th, 2019, and a public hearing on the proposed budget was held on September 25th, 2019.

SECTION 3: Jean Frankovich, Managing Director, is designated as the Chief Administrative Officer and Fiscal Officer.

SECTION 4: The Chief Administrative Officer is authorized to transfer up to 25% of a line item amount approved in the General Appropriation Act to another line item without prior approval.

Exceptions to the 25% Limit in the Transfer of Line Items:

The Road Commission Board understands that the revenue assumptions made in this budget are prior to local, state, or federal approval and may not come to fruition. Should this occur, the Chief Administrative Officer is authorized to amend the respective revenue and expense portions of the budget accordingly.

The Road Commission Board understands that MDOT sometimes approves a contract that is not known at the time the budget was compiled. Should this occur, the Chief Administrative Officer is authorized to add the revenue and expenses related to the unforeseen contract to the budget.

SECTION 5: The expenditure amount approved in this General Appropriations Act for Distributive Expense shall be allocated to other expenditure line items on a pro-rata basis as calculated on the Act 51 report.

SCHOOLCRAFT COUNTY ROAD COMMISSION

2020 GENERAL APPROPRIATIONS ACT

BUDGET

REVENUE:	2018 Actual	2019 Projected	2020 Proposed
MTF	2,676,858	3,034,198	3,265,736
Federal STP	1,001,020	333,048	312,480
Special State Funding	194,277	330,778	-
State D	89,737	48,442	-
Local Units	223,344	369,306	127,300
Private Roads	2,754	6,272	7,000
Salvage	4,834	4,486	4,700
Interest	32,287	78,809	80,000
Gain / Loss	200,741	11,195	10,000
Permit Fees	2,550	5,280	5,000
Loan / Ins Proceeds	138,325	-	-
Royalties	24,332	13,266	15,000
Other Revenue	605	10,044	500
Total Revenue	4,591,664	4,245,124	3,827,716
EXPENDITURES:			
Primary Structural Imp	1,684,132	559,862	374,529
Primary Routine Mnt	993,652	1,243,073	1,336,656
Local Structural Imp	217,419	372,247	126,663
Local Routine Mnt	627,960	851,680	883,094
Local Bridge	41,465	202,668	-
Eqp - Direct	582,909	605,920	649,737
Eqp - Direct Depr	309,436	359,128	410,824
Eqp - Indirect	563,673	578,794	606,713
Eqp - Operating	262,806	276,828	275,000
Eqp Rental Credits	(1,755,006)	(1,786,595)	(1,755,000)
Administration	587,499	613,512	672,988
Admin. Credits	(181,631)	(181,393)	(152,765)
Capital Outlay	403,003	556,262	595,434
Capital Outlay Credits	(411,459)	(464,710)	(520,933)
Contract Plowing	3,683	7,655	9,010
Interest and Principal	357,657	363,695	256,253
TOTAL EXPENDITURES	4,287,198	4,158,625	3,768,204
INC / (DEC) IN FUND BAL	304,466	86,499	59,512

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TRUNKLINE MNT:

State TL Rev	1,929,757	1,748,665	1,700,000
State TWAs Rev	204,425	204,397	200,000
TL Mnt Expense	1,764,692	1,720,435	1,750,000
TWA Expense	204,426	211,931	200,000
NET	<u>165,064</u>	<u>20,696</u>	<u>(50,000)</u>
 INC / (DEC) TO FUND BAL	 469,530	 107,195	 9,512
 FUND BLANCE -- BEGINNING	 3,032,834	 3,502,364	 3,609,560
Inc / (Dec) to Fund Balance	469,530	107,195	9,512
ENDING FUND BALANCE	<u>3,502,364</u>	<u>3,609,560</u>	<u>3,619,071</u>

SECTION 6: Motion made by K. Rochefort, supported by T. Klarich,
to adopt the foregoing resolution and General Appropriations Act.

Upon roll call vote, Klarich Aye, DuFour Absent, Lund Aye, Rochefort Aye,
LaCroix Aye

Ayes: 4

Nays: 0

Absent: 1

The Chairman declared the motion carried and the resolution adopted on this 25th day of September, 2019.

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EXPLANATION OF BUDGET VARIANCES

MTF Revenue:

MTF revenue is projected to increase by 22% or \$588,878 from 2018 to 2020 based on the most recent estimates from the State. However, it should be noted that the State has not finalized its 2020 budget and there has been discussion of significant changes to the MTF formula.

Project Revenue:

Federal and state projects along with local projects vary greatly from year to year.

Interest:

Interest is projected to increase by 148% or \$47,713 from 2018 to 2020. This is due to maintaining a higher cash balance and obtaining a higher interest rate from Michigan Class investments.

Structural Improvements:

Primary and local structural improvements correlate to project revenues and vary greatly from year to year.

Routine Maintenance:

Primary and local routine maintenance is projected to increase by 25% and 28% respectively from 2018 to 2019, prior to fringe benefit and cost of road year-end allocations. The 2019 increase was primarily due to winter operations and culvert replacements. The year-end fringe benefit and cost of road allocations exacerbate the variance between years because they are allocated based on balances in each account. The 2020 proposed routine maintenance is projected to be slightly higher than the average of 2018 and 2019 because of expected costs for winter operations and potential culvert projects.

Interest and Principal:

Interest and principal expenses are projected to decrease by 28% or \$101,404 from 2018 to 2020. This is due to notes # 1007C (for E542, E543, & E544) and # 1008C (for L75) being paid off in January 2020 and December 2019 respectively. The annual payment for note # 1007C was \$130,011 and for 1008C was \$31,072. Once these two notes are paid off, the only remaining debt will be the building bonds and a note for the case loader. The balance as of 9/30/19 for the building bonds is \$1,115,000 and \$58,847 for the case loader. The building bonds will be paid off in August of 2027 and the case loader in December of 2020.

Trunkline Maintenance:

The difference between revenue and expenses for trunkline maintenance is caused from either a prior year trunkline audit or cost sharing for TWA projects. 2020's proposed \$50,000 loss is projected based on MDOT's portion of the gain received from insurance proceeds for truck E525 that will be taken back during the 2018 audit.

SCHOOLCRAFT COUNTY ROAD COMMISSION**ASSUMPTIONS****ROAD PROJECTS**

LOCAL PROJECTS	Revenue	Expense	Difference
Seney	-	-	-
Germfask	3,600	3,600	-
Mueller	25,000	25,000	-
Doyle	42,500	42,500	-
Mstq	25,400	25,400	-
Hiawatha	500	500	-
Thompson	26,800	26,800	-
Inwood	3,500	3,500	-
Total	127,300	127,300	-

PRIMARY PROJECTS	Revenue	Expense	Difference
Sign Replacement Project	89,991	94,000	(4,009)
CR 435 Guardrail Safety Project	100,019	111,133	(11,113)
CR 437 & 498 Rumble Strips Safety Grant	82,436	91,595	(9,160)
RTF - 2019 Dollars Pavement Markings	40,034	40,034	-
Subtotal	312,480	336,762	(24,282)

ROUTINE ROAD EXPENSES (before yr-end alloc)	2018	2019	2020
Primary	712,475	840,136	850,000
Local	451,600	573,534	550,000

PAYROLL

CHANGE IN # OF EMPLOYEES (0.42)

WAGE INCREASES

Temporary Workers (avg. \$15.25 to \$16.50) 14,467
 Permanent Staff (Crew and Administration) 60,010

CHANGE IN HOURS

Temporary Workers (guaranteed 40 hours Nov - Mar) 400
 Permanent Road Crew (emp. retirement 4/30/20) (926)

ASSUMPTIONS (continued)**FRINGE BENEFITS**

RETIREMENT	2019	2020	Difference
Emp Hired before 2013 (% of wages)	9.02%	9.86%	0.84%
Emp Hired after 2013 (per month)	49,079	49,868	789
Add'l Monthly Pmts (per month)	15,000	15,000	-
Add'l Pmt at Year-End	325,000	325,000	-
 OPEB	 120,000	 120,000	 -
HEALTH INSURANCE	468,829	498,609	6.35%

CAPITAL EQUIPMENT

Description	2018	2019	2020
Seney Canopy	5,511	-	-
Wash Bay Garage Door	9,626	-	-
Radio	1,090	-	-
Pickup Trucks (2)	69,922	-	-
Crack Seal Machine	52,982	-	-
Tandem Axle Truck Repair	38,482	-	-
2017 Case Loader	158,325	-	-
Flail Mower	5,520	-	-
Plows (2)	12,940	-	-
Post Driver	3,980	-	-
Dust Control Tank on B281	6,475	-	-
Hotsy Steamer	10,250	-	-
Utility Trailer	2,059	-	-
Garage Door Openers	3,633	-	-
Rock Touch Screener	14,950	-	-
Office Equipment (PCs, Desk, Laptop)	7,258	-	-
Land	-	170,000	-
Refurbish E528	-	30,491	-
Caterpillar Grader	-	309,000	-
Brine Tanks (3)	-	16,603	-
Traffic Counters	-	6,691	-
Pruner	-	575	-
Furnace	-	21,981	-
Weed Eater	-	209	-
Tandem Axle Trucks (2)	-	-	531,434

Tandem Axle Rebuild	-	24,000
Misc.	-	40,000
Total	403,003	595,434