



**Instructions for Preparing the**

**ACT 51 STREET REPORT  
FOR CITIES AND VILLAGES**

**on the**

**MDOT Act 51 Distribution and Reporting System  
(ADARS)**

**In accordance with, Public Act 51 of 1951, as amended**

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## ACRONYMS AND LEGAL REFERENCES

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### ACROYNMS

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**Act 51 - Public Act 51 of 1951, as amended** - An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan Transportation Fund; to provide for the deposits in the Michigan Transportation Fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan Transportation Fund and the use and administration of the fund for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways.

**ADARS - Act 51 Distribution and Reporting System** - the web based system used for reporting to the State of Michigan your Michigan Transportation Fund (MTF) revenues and expenditures.

**AFS - Audited Financial Statement(s)** - For a business enterprise, all the relevant financial information, presented in a structured manner and in a form easy to understand, are called the financial statements.

**AASHTO - American Association of State Highway and Transportation Officials** - AASHTO is a nonprofit, nonpartisan association representing highway and transportation departments in the 50 states, the District of Columbia, and Puerto Rico. AASHTO represents all five transportation modes: air, highways, public transportation, rail, and water. Their primary goal is to foster the development, operation, and maintenance of an integrated national transportation system.

**FHWA - Federal Highway Administration** -The FHWA is a division of the United States Department of Transportation that specializes in highway transportation. The agency's major activities are grouped into two "programs," the Federal-aid Highway Program and the Federal Lands Highway Program.

**LRP - Local Road Program** - An annual \$33 million appropriation for a period of 16 years (fiscal years 2001 to 2016).

**MDOT - Michigan Department of Transportation** - MDOT has direct jurisdiction over Michigan's nearly 10,000-mile highway system, comprised of all I, M, and US routes. It is the backbone of Michigan's 120,000-mile highway, road and street network. Other responsibilities that fall under MDOT's mandate include aviation, passenger transportation, rail and freight in Michigan.

**MTF - Michigan Transportation Fund** - Act 51 creates the MTF. Revenues collected through highway user taxes (i.e., states motor fuels taxes, vehicle registration fees, and other miscellaneous automobile related taxes) are deposited in the MTF.

**MCL - Michigan Compiled Law** - MCL is the official codification of statutes for the state of Michigan.

**PA - Public Act** - In the legislative process, a public bill is a bill which proposes a law of general application throughout the jurisdiction in which it is proposed, and which, if enacted, will become a public law or public act.

**SFR – Street Financial Report** – The SFR is required by Act 51 to be completed by agencies receiving Act 51 funds each year to reports assets, liabilities and fund balances, revenues and expenditures for the fiscal year.

**ROW – Right-of-Way** – A right-of-way is a right to make a way over a piece of land, usually to and from another piece of land. A right-of-way is a type of easement granted or reserved over the land for transportation purposes, such as for a footway, carriageway, trail, driveway, rail line or highway. A right-of-way is reserved for the purposes of maintenance or expansion of existing services with the right-of-way. In the case of an easement, it may revert to its original owners if the facility is abandoned.

**Transportation Service Center – TSC** - An MDOT office assigned to represent and service a designated geographic area regarding transportation needs.

**Treasury – Michigan Department of Treasury** - The State Treasurer of Michigan functions as the chief financial officer for Michigan. The State Treasurer oversees the collection, investment, and disbursement of all state monies, and also administers major tax laws, safeguards the credit of the state, and distributes revenue sharing monies to local units of government.

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### **SELECTED MICHIGAN COMPILED LAW (MCL) SECTION REFERENCES**

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<b>Section 141.2101 to 141.2821 of PA 34 of 2001, as amended .....</b>	<b>27</b>
<b>Section 141.2303(1), also known as Section 303(1) .....</b>	<b>9</b>
<b>Section 247.660c, also known as Section 10c, Subsection (I).....</b>	<b>16</b>
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<b>Sections 247.701 to 247.707 of PA 175 of 1952, as amended .....</b>	<b>27</b>

## **CONTACT INFORMATION**

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**Questions** regarding the SFR, instructions, Attest Form, or designating a street administrator, please contact:

Michigan Department of Transportation  
Financial Operations Division  
Financial Outreach and Program Support Unit  
Attention: Lori Cole  
P.O. Box 30050  
Lansing, Michigan 48909  
E-mail: MDOT-Outreach@michigan.gov  
E-mail: [colel@michigan.gov](mailto:colel@michigan.gov)  
Phone: (517) 335-2556  
Fax: (517) 373-6266

**Questions** regarding Michigan Transportation Fund (MTF) distributions, please contact:

Michigan Department of Transportation  
Financial Operations Division  
Financial Outreach and Program Support Unit  
Attention: Mary Cumberworth  
P.O. Box 30050  
Lansing, Michigan 48909  
E-mail: [cumberworthm@michigan.gov](mailto:cumberworthm@michigan.gov)  
Phone: (517) 241-3178  
Fax: (517) 373-6266

**Questions** regarding distribution of revenue for items 16b, 17c and 17d (Federal Grants–Negotiated Contracts, Local Bridge Fund and Transportation Economic Development Fund), please contact:

Michigan Department of Transportation  
Financial Operations Division  
Project Accounting Unit  
Attention: Krista Walton  
P.O. Box 30050  
Lansing, Michigan 48909  
E-mail: [waltonk@michigan.gov](mailto:waltonk@michigan.gov)  
Phone: (517) 335-2372  
Fax: (517) 373-6266

**Questions** regarding distribution of State Trunkline Contract revenue please contact:

Michigan Department of Transportation  
Financial Operations Division  
Program Support Unit  
Attention: Beth Webert  
P.O. Box 30050  
Lansing, Michigan 48909  
E-mail: [webertb1@michigan.gov](mailto:webertb1@michigan.gov)

Phone: (517) 335-2335  
Fax: (517) 335-0699

**Questions** regarding Non-Motorized cost eligibility or for assistance in calculating expenditures, please contact:

Michigan Department of Transportation  
Bureau of Transportation Planning  
Intermodal Services Unit  
Attention: Josh DeBruyn, Bicycle and Pedestrian Coordinator  
P.O. Box 30050  
Lansing, Michigan 48909  
E-mail: [debruynj@michigan.gov](mailto:debruynj@michigan.gov)  
Phone: (517)335-2918

**Questions** regarding Asset Management Plans please contact:

Michigan Department of Transportation  
Bureau of Transportation Planning  
Asset Management Division  
Attention: Brian Sanada, Asset Management Council Coordinator  
P.O. Box 30050  
Lansing, Michigan 48909  
E-mail: [sanadab@michigan.gov](mailto:sanadab@michigan.gov)  
Phone: (517) 373-2220

**Questions** regarding Mileage or Map Certification please contact:

Michigan Department of Transportation  
Bureau of Transportation Planning  
Asset Management Division  
Attention: Kelly Bolt, Transportation Planner  
P.O. Box 30050  
Lansing, Michigan 48909  
E-mail: [boltk1@michigan.gov](mailto:boltk1@michigan.gov)  
Phone: (517) 241-4486  
Fax: (517) 373-9255

**Questions** regarding information on streets and structures, including construction and preservation, contact your local Transportation Service Center (TSC). A map showing MDOT's Region Offices by county can be found at the following link: <http://www.michigan.gov/mdot/0,4616,7-151-9623-36042--,00.html>. Select the county to locate the TSC nearest your agency.

**Questions** regarding bonding, appropriate applications for prior approval, exception from prior approval, or qualification for issuance of bonds may be obtained from your city/village bond attorney, or contact:

Michigan Department of Treasury  
Local Audit and Finance Division

Phone: (517) 373-3227  
[www.michigan.gov/treasury](http://www.michigan.gov/treasury)

**Questions** regarding the use of METRO Act funds should be referred to the METRO Authority.

METRO Authority  
Michigan Department of Licensing and Regulatory Affairs  
P.O. Box 30338  
Lansing, Michigan 48909  
E-mail: [metroinfo@michigan.gov](mailto:metroinfo@michigan.gov)  
Phone: (517) 373-0194  
[www.michigan.gov/lara](http://www.michigan.gov/lara)

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## INSTRUCTIONS

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These are the instructions for the forms required by MDOT, as required by Act 51.

The required financial forms are:

**MDOT Form 2012, Resolution for Designation of Street Administrator**

**Attest Form**

**MDOT Form 2030, Act 51 Street Financial Report (SFR) for Cities and Villages**

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## MDOT FORM 2012, RESOLUTION FOR DESIGNATION OF STREET ADMINISTRATOR

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The city/village must file MDOT Form 2012 to designate a new street administrator. MDOT Form 2012 can be found at [www.michigan.gov/act51](http://www.michigan.gov/act51). Select the Forms link and choose the MDOT Form 2012. This form only needs to be completed if there is a change. This form can also be accessed by selecting a button on the bottom of the Report Contact Screen in ADARS.

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## ATTEST FORM

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When you have submitted your report in ADARS, select the Report Status tab; select the fiscal year of the report to open. Once the report is open, select the Generate Report button at the bottom of the screen. Select the Generate Attest Form only radio button. The Attest Form will populate with the agency name, fiscal year end date and the Street Administrator name and the Clerk/Treasurer name that was entered on the Report Contact screen.

Print and return the signed Attest Form with the proper signatures to:

Michigan Department of Transportation  
Financial Operations Division  
Financial Outreach and Program Support Unit

P.O. Box 30050  
Lansing, MI 48909  
E-mail: MDOT-Outreach@michigan.gov  
Fax: (517) 373-6266

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## REPORTING DUE DATES

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### DUE DATE OF ACT 51 STREET FINANCIAL REPORT

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**MCL Section 247.665(3) of PA 51 of 1951, as amended, also known as Section 15(3), states:**

“Beginning with municipal fiscal years ending after April 15, 1976, each city and village shall file with the director of MDOT, not more than 120 days after the end of its fiscal year, on forms provided by the director, a report showing the disposition of funds appropriated, apportioned, or allocated under this act to the city or village, except funds appropriated under section 10b.”

The Street Administrator must ensure that forms are completed in conformance with the instructions and sent to MDOT by their due date. Forms are subject to review by MDOT before final approval. Keep a copy of all forms for city/village records.

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### DUE DATE OF AUDITED FINANCIAL STATEMENTS

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**MCL Section 141.2303(1) of PA 34 of 2001, as amended, also known as Section 303(1) states:**

“Each municipality shall file an audit report annually with the department within 6 months from the end of its fiscal year or as otherwise provided in the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.”

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### DUE DATE FOR REPORTING WINTER MAINTENANCE EXPENDITURES

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**MCL Section 247.663(2) of PA 51 of 1951, as amended, also known as Section 13(2), states:**

“... Winter maintenance expenditures shall be determined from the street financial reports for the most current fiscal years ending before July 1. A city or village that does not submit a street financial report for the fiscal year ending before July 1 by the subsequent December 31 shall be **ineligible for the winter maintenance payment** that is to be based on that street financial report...”

MDOT needs the winter maintenance expenditure data from the SFR by December 31 in order to calculate annual winter maintenance payments.

## **EXTENSIONS**

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You must request an extension in writing from:

Michigan Department of Transportation  
Financial Operations Division  
Financial Outreach and Program Support Unit  
P.O. Box 30050  
Lansing, MI 48909  
E-mail: MDOT-Outreach@michigan.gov  
Fax: (517) 373-6266

Requests must be received at least one business day before the actual due date of your SFR because ADARS will not allow an extension to be given on the actual due date.

## **MDOT FORM 2030, ACT 51 SFR FOR CITIES AND VILLAGES**

### **LINE BY LINE INSTRUCTIONS**

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The information necessary to complete the SFR will come from the city/village's AFS and/or the general ledger. The completed SFR must agree with the AFS. For cities/villages that do not have a yearly audit, the SFR will be completed based on the general ledger accounting records from the un-audited year. Reports must be completed consistently from year to year using accrual basis accounting.

### **FUND REPORTING**

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Major Street and Local Street Funds are restricted funds. Use of Major Street and Local Street Funds are limited to the transportation purposes as described in Act 51.

The street funds are separate self-balancing accounts that reflect the transactions and financial condition of each street fund. The cash and investments, and receipts and disbursements, must be segregated for each street fund.

Those cities/villages with a State Trunkline Preservation contract shall include these transactions in the Major Street Fund.

Any monies transferred to Major Street or Local Street accounts become restricted funds and cannot be transferred to any other fund. According to the Michigan Department of Treasury you must report the use of funds for services or purchases provided by another agency fund by properly accounting for those funds on one of the expenditure lines.

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## MUNICIPAL STREET FUND

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The Municipal Street Fund is used in a city or village to account for the street operations not provided for by Act 51.

Treasury requires this fund in those units that levy a special voted tax for street improvements.

The establishment of a "Municipal Street Fund" is recommended by MDOT, but not required, for cities and villages that have locally raised monies for street purposes other than street tax levies, such as appropriations from the General Fund. Recording locally raised revenues in the Municipal Street Fund will allow more flexibility in determining where and when these funds will eventually be used. Municipal Street Fund revenues can be transferred to the Major and Local Street Funds on an as needed basis.

Expenditures incurred for the preservation, construction, acquisition and extension of your Major and Local street system, as defined by your annual mileage certification map, must be recorded in full in the Major and Local Street Funds, not in the Municipal Street Fund. It is generally simpler to record all street expenditures in the Major and Local Street Funds as incurred, and to subsequently transfer revenue from the Municipal Street Fund to the Major and Local Street Funds as needed.

When locally raised revenues are transferred to the Major or Local Street Fund, they take on the restricted nature of those funds. Prior year transfers may not be transferred back out of the Major or Local Street Funds.

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## BALANCE SHEET

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### ASSETS

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1. **Cash** – Enter the amount of currency, checks, money orders and bank drafts on hand in either checking or savings accounts. Do not enter negative cash on this line. If you have negative checking or savings account balances that negative amount should be entered as an advance from another fund on line 12d.
2. **Investments** – Enter the amount of certificates of deposit, securities and other investments.
3. **Receivables**
  - 3a. **Accounts** – Enter amounts owed to the city or village which are not reported on lines 3b-3e or in sections 4, 5 or 6)
  - 3b. **Due from Other Governmental Units** – Enter the amount due from local governmental units other than MDOT (i.e., counties and townships). **DO NOT ENTER THE ACCRUED MTF AMOUNT ON THIS LINE. ENTER IT ON LINE 4a.**
  - 3c. **Special Assessments** – Enter the special assessments levied that have become due but not yet received as of the end of the accounting period.
  - 3d. **Interest** – Enter interest earned or accrued but not received as of the end of the accounting period.

- 3e. **Other** – Use the subledger to enter amounts for receivables not provided for on the preceding lines.
4. **Due from State**
- 4a. **Michigan Transportation Fund (MTF)** – Enter the two month accrual due from MDOT for MTF and Local Road Program (LRP) distributions earned but not received. You may obtain these accruals from the MTF Distribution History located at [www.michigan.gov/act51](http://www.michigan.gov/act51) in the section titled Act 51.
- 4b. **Trunkline Preservation** – Enter amounts due from the State of Michigan for work performed on state trunklines pursuant to a state trunkline maintenance contract with MDOT.
- 4c. **Road Projects** – Enter amounts due from the State of Michigan for services provided on force account contracts.
- 4d. **Other** – Use the subledger to enter amounts due from the State of Michigan not provided for on the preceding lines.
5. **Due From Federal Government**
- 5a. **Federal Highway Administration (FHWA)** – Enter amounts due from the FHWA.
- 5b. **Other** – Use the subledger to enter amounts due from the federal government not provided for on the preceding line.
6. **Due from Other Funds**
- 6a. **General** – Enter the amounts due from the General Fund to the Major and Local Street Funds which were not received by the end of the year.
- 6b. **Major Street** – Enter amounts due to the Local Street Fund from the Major Street Fund. An offsetting liability will be entered in the Major Street Fund on line 11b.
- 6c. **Local Street** – Enter amounts due to the Major Street Fund from the Local Street Fund. An offsetting liability will be entered in the Local Street Fund on line 11c.
- 6d. **Municipal Street** – Enter amounts due from the Municipal Street Fund to the Major and Local Street Funds which were not received by the end of the year.
- 6e. **Other** – Use the subledger to enter amounts that are not provided for on the preceding lines above and identify the source of the funds (i.e., mutual funds or stock options).
7. **Inventory** – Enter the cost of materials purchased with street funds in one accounting period for use in another accounting period or to reflect materials held in inventory until charged to a project.
8. **Other Assets**
- 8a. **Prepaid Expenses** – Enter charges for benefits or services not yet received.

- 8b. **Other** – Use the subledger to enter the amount of other assets and identify the source of the funds.
9. **TOTAL ASSETS (Must agree with Total Liabilities and Fund Balance – line 14)** – This is a calculated field. The system will add lines 1 through 8.

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## LIABILITIES AND FUND BALANCES

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10. **Accounts Payable** – Enter the amount owed for goods and services received by the city/village but not paid for by the end of the fiscal year.
11. **Due to Other Funds**
- 11a. **General** – Enter the amount of funds that are due to the general fund from the street funds by the end of the fiscal year (i.e., payment for the street fund portion of salt purchased with general fund dollars).
- 11b. **Major Street** – This field is populated with the amount entered on line 6c.
- 11c. **Local Street** – This field is populated with the amount entered on line 6b.
- 11d. **Other** – Use the subledger to enter the amounts due to other city/village funds at the end of the fiscal year and identify the fund to which the amount is due.
12. **Other Liabilities**
- 12a. **Due to State** – Enter amounts collected for, or owed to, the State of Michigan.
- 12b. **Accrued Payroll** – Enter wages chargeable to road funds that have been earned by employees who worked on road projects for which wages have not been paid. This should not include wages calculated under construction or preservation project costs or administration.
- 12c. **Other Accrued Liabilities** – Use the subledger to enter the amount of other liabilities and identify the liability.
- 12d. **Advances From Other Funds** - Enter the amount received from other funds. Per Treasury, negative cash should be entered here as an advance from another fund rather than as negative cash on line 1.
- 12e. **Deferred Revenue** – Enter the amount of revenue earned but not received.
13. **Fund Balance** – This field is populated with the amount from line 53.
14. **TOTAL LIABILITIES AND FUND BALANCE (Must agree with Total Assets – line 9)** – This is a calculated field. The system will add lines 10 through 13.
- 15.

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

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## REVENUES

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15. **Tax Levies** – Enter the total amount of locally raised taxes that have been collected by the city/village for street purposes (i.e., increased tax revenue for construction of new roads).
16. **Federal Grants**
- 16a. **MDOT Payments to Private Contractors** – Enter federal grant revenue for work done on the city/village street system by contractors paid directly by MDOT. This revenue account would not be subject to a single audit at the city/village level.
- 16b. **Negotiated Contracts** – Enter federal grant revenue received by the city/village for work performed by city/village employees or contractors/vendors paid by the city/village. This revenue would count towards the single audit threshold.
17. **State Grants**
- 17a. **Michigan Transportation Funds** – Enter the total amount of MTF, including mileage transfers that were received during the fiscal year, including adjustments to record fiscal year-end accruals (funds earned but not received until the subsequent year). Include funds entered on line 4a. This amount must agree with MTF amount reported in the MTF Distribution History.
- 17b. **Winter Maintenance** – Enter the amount of the city/village snow payments received during the fiscal year. This amount must agree with distributed amount according to the MTF Distribution History. This is applicable to local units in qualifying counties, per the following:
- MCL Section 247.663(2) of PA 51 of 1951, as amended, also known as Section 13(2), describes the Winter Maintenance Program and payments:**
- “From the amount available for distribution to cities and villages during each December, an amount equal to 0.7% of the total amount received by all cities and villages during the previous calendar year shall be withheld . . . The distributions shall be made annually during February and shall be calculated separately for the Major and Local street systems but may be paid in a combined warrant. The distribution to a city or village shall be equal to 1/2 of its winter maintenance expenditures after deducting the product of total earnings . . . multiplied by 2 times the average municipal winter maintenance factor. Winter maintenance expenditures shall be determined from the SFRs for the most current fiscal year ending before July 1. A city or village that does not submit a street financial report for the fiscal year ending before July 1 by . . . December 31 shall be ineligible for the winter maintenance payment . . . The average municipal winter maintenance factor shall be determined annually by MDOT by dividing the total expenditures of all cities and villages for winter maintenance of streets and highways by the total amount earned by all cities and villages . . . for the fiscal year. If the sum of the distributions to be

made . . . exceeds the amount withheld, the distributions to each eligible city and village shall be reduced proportionately. If the sum is less than the amount withheld, the balance shall be added to the amount available for distribution . . .”

See the map of qualifying counties found at the end of the instructions.

- 17c. **Local Bridge Fund** – Enter the amount paid by MDOT for local bridge projects.
  - 17d. **Transportation Economic Development Fund (EDF)** – Enter the amounts paid by MDOT on behalf of the city/village for EDF projects.
  - 17e. **METRO Act funds** are to be reported separately from Act 51 funds on a separate form provided by the Department of Licensing and Regulatory Affairs, METRO Authority. Enter only the amount used on Act 51 eligible projects. Visit the METRO Authority Web site at [www.michigan.gov/lara](http://www.michigan.gov/lara).
  - 17f. **Other** – Use the subledger to enter state grant revenue received from sources other than those listed above and identify the source.
18. **State Trunkline Preservation** – Enter revenue received from MDOT for state trunkline contracts (Major Street Fund only). If revenue is reported on this line, expenditures must be reported on line 34.
19. **Interest** – Interest earned on invested street funds **MUST** be credited to the street funds. This includes interest earned on savings accounts, interest-bearing checking accounts, certificates of deposit and pooled investments (pro-rated). Interest earned on street funds may **NOT** be transferred to any other city fund.
- MCL Section 247.663(11) of PA 51 of 1951, as amended, also known as Section 13(11), states:**
- “Interest earned on funds returned to a city or a village for purposes provided in this section shall be credited to the appropriate street fund.”
- 20. **Special Assessments** – Enter monies received from special assessment collections for use on Major or Local Streets.
  - 21. **Contributions from Counties** – Use the subledger to enter contributions from counties for Major or Local Streets. This may include grants to the Major Street Fund for the county share of state trunkline expressway construction in the city/village. Identify the county making the grant.
  - 22. **Contributions from Adjacent Governmental Units** – Use the subledger to enter revenue from another governmental unit(s) for Major or Local Streets. Identify the contributing governmental unit.
  - 23. **Miscellaneous** – Use the subledger to enter all street revenue not reported above and identify the source of the funds.
  - 24. **TOTAL REVENUES** – This is a calculated field. The system will add lines 15 through 23.

## **EXPENDITURES**

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Street fund expenditures must be supported by adequate employee prepared time sheets showing daily hours of labor performed, hours of equipment usage, and material usage, or invoices which describe the amount and kind of work done in terminology which is identical with that used in the expenditure classifications.

Act 51 funds are to be used for the following purposes, in the following order of priority as further described in **MCL Section 247.663(3) through (10) of PA 51 of 1951, as amended, also known as Section 13(3) through 13(10)**.

- Payment on obligations, principal and interest on contracts and debt entered into for highway projects.
- Preservation, construction, acquisition and extension of the major street system.
- The remaining amount shall be expended for the preservation, construction, acquisition and extension of the local street system.

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## **DEFINITIONS OF CONSTRUCTION AND PRESERVATION**

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**MCL Section 247.660c(l) of PA 51 of 1951, as amended, also known as Section 10c(l), states:**

“Preservation” means an activity undertaken to preserve the integrity of the existing roadway system. Preservation does not include new construction of highways, roads, streets, or bridges, a project that increases the capacity of a highway facility to accommodate that part of traffic having neither an origin nor destination within the local area, widening of a lane width or more, or adding turn lanes of more than 1/2 mile in length. Preservation includes, but is not limited to, 1 or more of the following:

- (i) Preservation.
- (ii) Capital preventive treatments.
- (iii) Safety projects.
- (iv) Reconstruction.
- (v) Resurfacing.
- (vi) Restoration.
- (vii) Rehabilitation.
- (viii) Widening of less than the width of 1 lane.
- (ix) Adding auxiliary weaving, climbing, or speed change lanes.
- (x) Modernizing intersections.
- (xi) Adding auxiliary turning lanes of 1/2 mile or less.

(m) “Preservation” means routine or preventive preservation, or both. Preservation does not include capital preventive treatments, resurfacing, reconstruction, restoration, rehabilitation, safety projects, widening of less than 1 lane width, adding auxiliary turn lanes of 1/2 mile or less, adding auxiliary weaving, climbing, or speed-change lanes, modernizing intersections, or the upgrading of aggregate surface roads to hard surface roads. Preservation of state trunk line highways does not include street lighting except for freeway lighting for traffic safety purposes.

(n) "Routine preservation" means actions performed on a regular or controllable basis or in response to uncontrollable events upon a highway, road, street, or bridge. Routine preservation includes, but is not limited to, 1 or more of the following:

- (i) Snow and ice removal.
- (ii) Pothole patching.
- (iii) Unplugging drain facilities.
- (iv) Replacing damaged sign and pavement markings.
- (v) Replacing damaged guardrails.
- (vi) Repairing storm damage.
- (vii) Repair, replacement, or operation of traffic signal systems.
- (viii) Emergency environmental cleanup.
- (ix) Emergency repairs.
- (x) Emergency handling of road closures that result from uncontrollable events.
- (xi) Cleaning streets and associated drainage.
- (xii) Installing traffic signs and signal devices.
- (xiii) Mowing roadside.
- (xiv) Control of roadside brush and vegetation.
- (xv) Cleaning roadside.
- (xvi) Repairing lighting.
- (xvii) Grading.

(o) "Preventive preservation" means a planned strategy of cost-effective treatments to an existing roadway system and its appurtenances that preserve assets by retarding deterioration and preserving functional condition without significantly increasing structural capacity. Preventive preservation includes, but is not limited to, 1 or more of the following:

- (i) Pavement crack sealing.
- (ii) Micro surfacing.
- (iii) Chip sealing.
- (iv) Concrete joint resealing.
- (v) Concrete joint repair.
- (vi) Filling shallow pavement cracks.
- (vii) Patching concrete.
- (viii) Shoulder resurfacing.
- (ix) Concrete diamond grinding.
- (x) Dowel bar retrofit.
- (xi) Bituminous overlays of 1-1/2 inches or less in thickness.
- (xii) Restoration of drainage.
- (xiii) Bridge crack sealing.
- (xiv) Bridge joint repair.
- (xv) Bridge seismic retrofit.
- (xvi) Bridge scour countermeasures.
- (xvii) Bridge painting.
- (xviii) Pollution prevention.
- (xix) New treatments as they may be developed.

25. **Construction - Streets (Including Engineering and ROW)** - Enter all expenditures for street construction on Major and Local Streets. This category should include expenditures that can be directly assigned to a construction project, (i.e., engineering fees, ROW

acquisition, etc.). Include charges for payroll, related fringe benefits, equipment rentals, materials, and contractual services that were charged to a project. Expenditure for local street construction requires a minimum 50 percent match from locally raised funds.

26. **Construction – Structures (Including Engineering and ROW)** – Enter all construction expenditures for bridges and grade separations having a span of 20 feet or more. Include expenditures that are charged to a project, (i.e., engineering fees, ROW acquisition, etc.). Include charges for payroll, related fringe benefits, equipment rentals, materials, and contractual services that are charged to a project. Expenditure for local street structure construction requires a minimum 50 percent match from locally raised funds.
27. **Preservation – Streets** – Enter expenditures for the preservation of Major and Local Streets. A project may include charges for payroll, related fringe benefits, equipment rentals, materials, and contractual services. Surplus street funds may be used for the construction or repair of street lighting. Utility expense for street lighting cannot be charged to the street funds.
28. **Preservation – Structures** – Enter preservation expenditures for structures having a clear span of 20 feet or more. A project may include charges for payroll, related fringe benefits, equipment rentals, materials, and contractual services.
29. **Traffic Services – Streets and Structures** – Enter expenditures for the replacement of signs, signals, and pavement markings on Major and Local Streets. These expenditures are made to serve, control, and inform the traveling public.
30. **Winter Maintenance – Streets and Structures** – Enter expenditures for snow and ice control. Purchases of salt and other materials cannot be made from the street funds, but must be purchased by the general fund or some other fund. These materials must be charged to the street funds as they are used.
31. **Administration, Engineering, and Record Keeping** – Enter expenditures as defined by the following examples. Expenditures are limited to 10 percent of MTF revenues plus winter maintenance.

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### **EXAMPLES OF ADMINISTRATION, ENGINEERING, AND RECORD KEEPING COSTS**

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Act 51 governs the use of MTF monies returned to cities/villages for preservation and construction of their streets.

**MCL Section 247.663(8) of PA 51 of 1951, as amended, also known as Section 13(8), states:**

“Not more than 10% per year of all of the funds returned to a city or village from any MTF source for the purposes of this section may be expended for administrative expenses. As used in this subsection, “administrative expenses” means those expenses that are not assigned including, but not limited to, specific road construction or maintenance projects and are often referred to as general or supportive services. Administrative expenses shall not include net equipment expense, net capital outlay, debt service principal and interest, and payments to other state or local offices that are assigned, but not limited to, specific road construction projects or maintenance activities. A city or village which in a year expends more than 10% for administrative expenses shall be subject to section 14(5).”

**MCL Section 247.664(4) of PA 51 of 1951, as amended, also known as Section 14(4), states:**

“The expenditure of adequate amounts, by . . . cities and villages, from funds . . . to cover the cost of administration, engineering, and record keeping is hereby authorized, and expenditures for those purposes shall be reported separately by each . . . city, and village to MDOT.”

**MCL Section 247.664(5) of PA 51 of 1951, as amended, also known as Section 14(5), states:**

“All distributions and returns of funds provided for in this act shall be withheld from . . . cities, villages . . . for failure to comply with any of the requirements of this act, and the withholding shall continue for the period of noncompliance.”

General Fund contributions in excess of those required for the Local Street construction matching requirements or other specified requirements may be used up to 100 percent to cover excess administrative expenses. However, administrative expenses must be documented and reasonable.

The following gives examples of the expense items that are allowable for administrative expenses. These items must be reported on line 31.

- a. Salary costs for the street administrator when not directly engaged in supervising street work.
- b. Fees paid to attorneys for legal work performed in connection with street matters (not project specific).
- c. General city administrative costs allocated on the basis of a reasonable and documented city wide cost allocation plan.
- d. Rental charges for administrative office space.
- e. The street funds' share of the costs to prepare the city/village AFS.
- f. Payments to professional engineers for development of a master street plan or for preparation of a proposed program of street improvements.
- g. Data processing costs.
- h. Payments to accounting consultants and accounting personnel for setting up and recording street receipts and expenditures.
- i. Printing of time and equipment rental reports and record keeping forms.

The following list of items is **NOT** considered administration and must **NOT** be reported on line 31 but should be reported on lines 25-36, as appropriate:

- a. Direct Labor Overhead Costs (Fringe benefit), including but not limited to vacation pay, sick leave pay, holiday pay, workers' disability compensation, retirement, social security, group life insurance, hospitalization, unemployment insurance and military leave pay as a percentage of the productive payroll on all labor costs can be applied to an employee's direct hours charged to Act 51 eligible activities on Act 51 eligible roads. These costs must be allocated to street activities based on labor entered in each activity.

- b. Insurance – these costs must be allocated to the street activities based on the amount entered in each activity.
- c. Direct supervision – these costs must be charged to the street activities on lines 25-36, if documented on time cards.
- d. Payments to professional engineers for the development of plans, estimates, and specifications for specific or individual street construction projects.

The above items are typical, but do not limit costs to these specific examples.

When entering administrative expenditures for the street funds, it is essential that the rules of reasonableness be observed. In other words, payment of all or the greater part of supervisory, clerical, or accounting costs of a city/village is not an acceptable practice, unless supported by facts.

Costs that cannot be accurately divided between Major and Local streets, because of their indefinite or overhead nature, should be listed as administration expenses. Administrative, engineering, and record keeping expenses should be allocated to Major and Local streets in the same percentage that preservation, traffic service, and winter maintenance expenditures bear to total preservation, traffic service, and winter maintenance expenditures for the current year.

- 32. **Roadside Parks** – Enter total expenditures for roadside parks. Roadside park expenditures are limited to 5 percent of the Major Street Fund current year MTF revenue. A **roadside park** is a designated park on the wide side of a road for the traveling tourist usually maintained by a governmental entity, local, state, or federal. It is for use such as a picnic spot or a trail head. A roadside park will generally be found in a rural setting, whereas a rest area will be found on an interstate highway in a suburban setting or between major destinations, like cities. A rest area, is not a roadside park, is specifically designed for the rest and relaxation of the motoring public. The roadside park with the use of picnic tables is the predecessor of the modern rest area/travel plaza.
- 33. **Contributions to Adjacent Governmental Units** – Use the subledger to enter contributions to adjacent governmental units under a joint contractual agreement for construction on a street under the jurisdiction of the adjacent governmental unit.
- 34. **State Trunkline Preservation** – Enter expenditures for the preservation of state trunkline highways in accordance with the city/village’s state trunkline contract with MDOT (major streets only) must show revenue on line 18.
- 35. **State Trunkline Construction – City/Village Share** – Enter expenditures for construction of state trunkline highways in accordance with the city/village’s contract with MDOT.
- 36. **Miscellaneous** – Use the subledger to enter all street expenditures not reported above.

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## DEBT SERVICE

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The expenditures reported in this section and on the Schedule of Long Term Debt should only include amounts repaid with Major and Local Street funds. Report the use of Major and Local Funds separately. Do not include any amounts that were repaid by non-street funds (amounts not

reported as revenues in lines 15-17). If you issued a levy to raise funds for bond debt payments, the amounts collected each year will be reported as revenue on line 15 by fund (Major or Local), and the use of those funds as debt service expenses will be included with the amounts listed on lines 37 and 38. If however, you used general funds and street funds for debt service payments, only those amounts repaid by street funds will be reported on lines 37 and 38.

The amounts reported on lines 37 and 38 must agree to the Schedule of Long Term Debt and are included in a report to the federal government on bonding at the state level.

- 37. **Principal** – Enter the amounts from the Major Street and Local Street Funds for the repayment of principal on bonds issued. The amounts entered on this line must match the amounts entered in column 9 – Amount Retired on the Schedule of Long Term Debt.
- 38. **Interest and Bank Fees** – Enter the amounts from the Major Street and Local Street Funds for interest and bank fees on bonds issued. The amounts entered on this line must match the amounts entered in column 8 – Bank Fees Interest Expense Amount on the Schedule of Long Term Debt.
- 39. **TOTAL EXPENDITURES** – This is a calculated field. The system will add lines 25 through 38.

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### **OTHER FINANCING SOURCES (USES)**

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Any monies transferred to Major Street or Local Street accounts become restricted funds and cannot be transferred to any other fund. According to Treasury, you must report the use of funds for services or purchases provided by another agency fund by properly accounting for those funds on one of the expenditure lines 25-36.

- 40. **General Fund** – Enter General Fund contributions to the street funds on this line. Enter eligible General Fund expenditures on lines 25 to 36, as appropriate.
- 41. **Municipal Street Fund** – Enter Municipal Street Fund contributions to the street funds. Enter eligible Municipal Street Fund expenditures on lines 25 to 36, as appropriate.
- 42. **Capital Improvement Fund** – Enter Capital Improvement Fund contributions to the street funds. Enter eligible Capital Improvement expenditures on lines 25 to 36, as appropriate.
- 43. **Transfer – Major to Local** – All funds being transferred from the Major Street to the Local Street Fund must be entered on this line.

**MCL Section 247.663(6) of PA 51 of 1951, as amended, also known as Section 13(6), states:**

“ . . . money returned under this section to a city or village shall be expended on the Major and Local street systems . . . However, the first priority shall be the major street system. Money returned for expenditure on the major street system shall be expended in the priority order provided in subsection (3) except that surplus funds may be transferred for **preservation** of the local street system. Major Street Funds transferred for use on the local street system **shall not be used for construction but may be used for preservation** as defined in section 10c. A city or village shall not transfer more than 50% of its annual Major Street funding to the local street system unless it has adopted and is following an asset

management process for its Major and Local street systems and adopts a resolution with a copy to MDOT setting forth all of the following:

- (a) A list of the major streets in that city or village.
- (b) A statement that the city or village is adequately maintaining its major streets.
- (c) The dollar amount of the transfer.
- (d) The local streets to be funded with the transfer.
- (e) A statement that the city or village is following an asset management process for its Major and Local street systems.”

**MCL Section 247.663(7) of PA 51 of 1951, as amended, also known as Section 13(7), states:**

“A city or village that has not adopted an asset management plan shall obtain the concurrence of the department to transfer more than 50% of its Major Street funding to its Local Street system. The department may provide for pilot projects that would allow a city or village that has adopted an asset management plan under subsection (6) to combine their Local and Major Street Funds into 1 street fund and to submit a single report to the department on the expenditure of funds on the local and major street systems.”

For assistance with asset management planning, contact the Asset Management Council Coordinator.

- 44. **Transfers – Local to Major** – Enter MTF returns for use on local streets transferred to the Major Street Fund, supported by council resolution.
- 45. **Bond Proceeds** – Enter bond contributions to the Major and Local Street Funds. Eligible expenditures must be entered on lines 25 through 36, as appropriate.
- 46. **Equipment Installment Purchase Proceeds** – Enter the loan proceeds for equipment purchased on an installment basis. It is entered at the time the loan is obtained with the total amount of principal to be paid over the life of the loan.
- 47. **Other** – Use the subledger to enter transfers to the Major and Local Street Funds from other funds not specifically identified above and identify the source. Eligible street expenditures should be entered on lines 25 through 36, as appropriate. Other funds may include, but are not limited to, Federal Revenue Sharing, Water and Sewer, and Economic Development.
- 48. **Total Other Financing Sources (Uses)** – This is a calculated field. The system will add lines 40 through 47.
- 49. **Excess of Revenues and Other Sources Over/Under Expenditures and Other Uses** – This is a calculated field. The system will calculate the sum of line 24 - Total Revenues minus line 39 – Total Expenditures plus or minus line 48 – Total Other Financing Sources (Uses).
- 50. **Fund Balance at Beginning of Year** – This field is populated with the Fund Balance at End of Year from the prior fiscal year’s approved SFR.
- 51. **Prior Period Adjustment** – Enter amounts for adjustments made to the previous fiscal year.

52. **Adjusted Fund Balance at Beginning of Year** – This is a calculated field. The system will calculate the sum of line 50 – Fund Balance at Beginning of Year and line 51 – Prior Period Adjustment.
53. **Fund Balance at End of Year** – this is a calculated field. The system will calculate the sum of line 49 – Excess of Revenues and Other Sources Over/Under Expenditures and Other Uses and line 52 – Adjusted Fund Balance at Beginning of Year.

## **QUALIFIED EXPENDITURES FOR NON-MOTORIZED IMPROVEMENTS**

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**MCL Section 247.660k of PA 51 of 1951, as amended, also known as Section 10k**, establishes non-motorized transportation as a transportation purpose under the law, and, therefore, an eligible use of revenues distributed to cities and villages from the MTF. The section requires recipients of MTF revenues to spend an average (over a 10 year period) of not less than one percent of these revenues on non-motorized transportation services and facilities.

Non-motorized transportation expenditures for the reporting year and each of the previous nine years are reported in the Actual Qualified Expenditures for Non-motorized Improvements section of the SFR. While only the expenditures are reported, documentation supporting the reported expenditures should be retained in local files for future reference and/or review. Guidelines on qualifying expenditures and tips on completing this section of the report are provided below.

**Noncompliance with MCL Section 247.660k of PA 51 of 1951, as amended, also known as Section 10k, may result in withholding of MTF payments.**

Cities/villages whose AFS and/or SFR demonstrate noncompliance will be notified by letter. The letter will instruct the recipient community to (1) develop a plan of project expenditures which will return the community to compliance within three years, and (2) have the plan approved by MDOT's Bicycle and Pedestrian Coordinator and the city/village's governing body (by resolution). Submittal of the plan and approvals to MDOT's Financial Operations Division, Financial Outreach and Program Support Unit, will cause MTF payments to be released (if they are being withheld).

The table shown on the next page provides a quick reference for determining items of work which qualify as non-motorized transportation and the engineering and construction costs which are creditable against the MCL Section 247.660k of PA 51 of 1951, as amended, also known as Section 10k, one percent spending requirement. The table divides qualifying work into items associated with non-road facilities and road facilities.

## ACT 51, SECTION 10K

The following table represents work items creditable towards Section 10k. If your community identifies potential work items that do not appear on the list below please contact the MDOT Bicycle and Pedestrian Coordinator for eligibility verification.

DESCRIPTION OF WORK	WORK CREDITABLE AGAINST SECTION 10K ONE PERCENT REQUIREMENT	ELIGIBLE COST	
		Engineering	Construction
<b>NON - ROAD FACILITIES</b>			
<b>Shared Use Path</b> as a project	All Engineering/construction	100%	100%
<b>Shared Use Path</b> as part of a road project	1) All path related construction 2) Non-path work in the road project, necessitated by the path component (e.g. extra fill, culvert extension, etc) 3) Prorated engineering costs	Prorated*	100% of 1 and 2
<b>Shared Use Structures</b>	All engineering/construction	100%	100%
<b>Bicycle Parking</b>	Acquisition and Installation	100%	100%
<b>Sidewalks, ramps and curb cuts</b>	All engineering/construction	100%	100%
<b>Curb Extensions and Median Refuge Islands</b>	All engineering/construction	100%	100%
<b>Signs, Pavement Markings, Pedestrian Signals</b>	All work specifically associated with the non-motorized facility and its pedestrian/non-motorized users	100%	100%
<b>SERVICES</b>			
<b>Non-motorized Planning and Education</b>	Costs associated with the development of non-motorized planning documents or educational materials intended to promote the development, benefits and use of non-motorized transportation.	NA	NA
<b>ROAD FACILITIES</b>			
<b>New Bike Lanes and associated, pavement, pavement markings, and signage</b>	That portion of the engineering and construction that can be attributed to the bike lane	Prorated**	Prorated**
<b>Shoulder Paving</b> as a project	All Engineering/construction	100%	100%
<b>Shoulder Paving</b> as a part other road or bridge construction, reconstruction, resurfacing, or widening work	That portion of the engineering and construction that can be attributed to the paving shoulder portion of the work	Prorated**	Prorated**
<b>Road or bridge Construction, Reconstruction, Resurfacing, or Widening</b>	That portion of the outside lane width in excess of the minimum design width for motor vehicles	Prorated**	Prorated
* Proration: $E_{nm} = (C_{nm} / C_{tot}) \times E_{tot}$ , where E=Engineering \$'s, and C=Construction \$'s			
** Proration: $C_{nm} = (W_{nm} / W_{tot}) \times C_{tot}$ where W=Width of roadway, and C=Construction \$'s. Note only road/bridge project pay items which include the non-motorized width in the width proration.			
All work needs to be done to AASHTO and ADA standards.			

**Non-road facilities** are accommodations which occur off the edge of the road, and may or may not be within the road right-of-way. The shared use path (the appropriate name for what are often called bike paths or trails) and shared use structures on those paths are off-roadway facilities intended for non-motorized travel. Ramps and curb cuts where paths or sidewalks cross roadways are eligible facilities; bicycle parking facilities also qualify. Signs, pavement markings and signals associated with road or non-road facilities for bicycle or pedestrian users are also eligible expenditures.

**Road facilities** are non-motorized accommodations built in a roadway. They include paving wide shoulders four feet or greater, and portions of road or bridge construction, reconstruction, resurfacing or widening suitable for non-motorized users. In general, any work that adds width to the roadway beyond the minimum design width provided for motor vehicle use is considered as an accommodation for bicyclists. Widened curb lanes, striped bicycle lanes and paved shoulders are facilities that may add sufficient width to a roadway to qualify as a bicycle accommodation. "Road Diets" or the restriping costs associated with converting a roadway from four lanes to three lanes (two travel lanes, a turn lane and two bicycle lanes) within the existing curb alignment can also be considered an eligible expenditure.

**Changing from gravel to hard surface roads, including paving of gravel roads, does not qualify as an eligible expenditure towards Section 10k.**

**Sidewalk** "additions or improvements" are eligible non-motorized expenditures per PA 82 of 2006, effective March 29, 2006.

**Proration** of costs is necessary for non-motorized accommodations constructed as part of roadway construction work. The formulas for proration are provided in the table.

Questions regarding cost eligibility for items not discussed in this guidance, or for assistance in calculating expenditures, may be directed to:

Michigan Department of Transportation  
Bureau of Transportation Planning  
Intermodal Policy Section  
Attention: Josh DeBruyn, Bicycle and Pedestrian Coordinator  
P.O. Box 30050  
Lansing, Michigan 48909  
E-mail: [debruynj@michigan.gov](mailto:debruynj@michigan.gov)  
Phone: (517) 335-2918

## **SCHEDULE OF FIXED ASSETS**

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This schedule is to be prepared by cities/villages that have used MTF funds to purchase fixed assets, including equipment and facilities. Assets that are purchased with MTF funds need to be entered on the Schedule of Fixed Assets of the SFR.

When a city/village purchases equipment or other fixed assets with Major or Local Street Fund monies and uses them for a city/village activity other than street activities, improper use of funds may occur if proper allocation procedures are not followed. We recommend that each city/village

establish a fund for purchasing equipment and other fixed assets. An Internal Service Fund, the Municipal Street Fund, or the General Fund may be used for this purpose.

When equipment is used on the streets, this fund will then be reimbursed by the Major and Local Street Funds through equipment rental payments based upon equipment usage reports prepared by the equipment operator. The equipment rental rates cover costs of operation, including gasoline, oil, repairs, depreciation, storage, insurance, etc.

The equipment rental rates in Schedule C, compiled by MDOT, are provided for the use of each city/village. These rates **must** be used to charge the Major and Local Street Funds for equipment rental. Any deviation from Schedule C rates **must** first be approved by MDOT, Maintenance Support area, and be supported by sufficient actual cost data developed by the city/village over at least a three year period.

The Schedule C Equipment Rental Rates are available on our Web site at [www.michigan.gov/act51](http://www.michigan.gov/act51), then select Equipment Rental Rates for the current year.

When other fixed assets, such as facilities, etc., are used for street purposes, the fund responsible for the asset may be reimbursed by the street funds for the cost of operation, depreciation, etc., based on reasonable rates for usage (i.e., floor space, etc.).

When a city/village believes, in spite of the above, it is justified in purchasing fixed assets with MTF monies, it must:

- a. Secure MDOT approval on an individual purchase basis.
- b. Reimburse the street fund for the recovery of depreciation on a yearly basis. This is accomplished by a transfer in from the fund collecting equipment rental.
- c. Complete the Schedule of Fixed Assets on a yearly basis until the fixed assets are fully depreciated.

Use of MTF for purchases of equipment for the Major and Local Street Funds requires MDOT approval prior to the purchase of the equipment. Contact MDOT-Outreach@michigan.gov to obtain approval for equipment purchases.

The following is a brief description of the data to be furnished under each schedule heading:

1. Date of Purchase – Enter date acquired.
2. Description – Enter a description of the fixed asset purchased.
3. Fund – Indicate the fund that purchased assets (M–Major or L–Local).
4. Purchase Price – The amount of street fund monies actually transferred or expended for the fixed asset.
5. Prior Years Depreciation – The amount of depreciation credited back to the street funds on the prior year’s SFR. This is the difference between column 4 and column 6.
6. Beginning Book Balance – This amount is the Ending Balance from the previous year.

7. Depreciation Expense – The amount of depreciation credited back to the street funds on the current year’s report.
8. Ending Book Balance – This amount is the residual street fund investment in fixed assets. It is the sum of column 6 less column 7

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## SCHEDULE OF LONG TERM DEBT

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This schedule is to be prepared by cities/villages with long term debt or loans to other city funds from the street fund for street-related purposes. This schedule must be completed if any street fund monies are obligated to retire long term debt, or to repay loans from other city funds. Amounts reported on this Schedule must match amounts reported on lines 37 and 38, and are included in a report to the federal government on bonding at the state level.

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## BOND ISSUE

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A city or village may issue an obligation/municipal security for road purposes pursuant to **MCL Sections 247.701 to 247.707 of PA 175, of 1952, as amended, and MCL Section 141.2305 of PA 34 of 2001, as amended**. Obligations/municipal securities issued pursuant to either of these statutes requires approval or exception from prior approval by the State Treasurer as provided in the Revised Municipal Finance Act (**MCL Sections 141.2101 to 141.2821 of PA 34 of 2001, as amended**). The Revised Municipal Finance Act requires that all cities/villages including road commissions be qualified annually to issue municipal securities without further approval by Treasury or, if not qualified, each municipal security shall be approved by Treasury prior to issuance. Appropriate applications for prior approval, exception from prior approval or qualification may be obtained from the city/village’s bond attorney, or

Michigan Department of Treasury  
Local Audit and Finance Division  
Phone: (517) 373-3227  
[www.michigan.gov/treasury](http://www.michigan.gov/treasury)

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## LOANS

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Under certain conditions, the city/village may find it desirable to loan money from other unrestricted funds to either the Major Street Fund or the Local Street Fund on a temporary basis to expedite a construction program. In such instances, each transaction shall be documented by appropriate council or commission resolution which must be submitted to MDOT for approval.

Temporary loans are allowed between the Major and Local Street Funds by council resolution. Interest may be charged on these loans. A copy of the resolution must be forwarded to MDOT, Financial Operations Division, Financial Outreach and Program Support Unit, for review and approval.

These loans are reported on the balance sheet and should be designated as advances from, (line 12d), rather than due to another fund. These loans must be reported on the Schedule of Long Term Debt. This reporting is necessary to monitor the repayment of the loans.

**A 1979 Michigan Attorney General's opinion stated:**

“ . . . there may not be any transfer, loan, diversion, or appropriation of those funds designated for use in road programs to some other use that would be in conflict with the constitution . . . ”

Based on this opinion, loans may not be made from the Major and Local Street Funds to any other fund.

The following is a brief description of the data to be furnished under each schedule heading:

1. **Date of Issue** – The date when the bonds were issued, or the date debt was incurred.
2. **Description** – Type of debt and purpose of proceeds. List the city/village fund making the loan to the street funds.
3. **Fund** – Indicate fund (M–Major or L–Local) responsible for debt retirement.
4. **Amount of Issue** –Proceeds originally deposited into the Major and/or Local Street Fund.
5. **Date of Maturity** – Final payment date.
6. **Amount Retired Prior Year(s)** – Cumulative amount retired or repaid with the Major and/or Local Street Fund prior to the beginning of the current fiscal year. This is the difference between columns 4 and 7.
7. **Beginning Balance** – Net principle balance remaining in the Major and/or Local Street Fund prior to the beginning of the current fiscal year.
8. **Bank Fees, Interest Expense Amount** – Enter the interest and fees paid in the fiscal year by the Major and/or Local Street Fund.
9. **Amount Retired** – Enter the amount of principle repaid or retired in the fiscal year by Major and/or Local Street Fund.
10. **Ending Balance** – Amount of principle outstanding by fund at the end of the fiscal year. This is a calculated field.

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## **ASSET MANAGEMENT**

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The information required for this section should be provided by the engineering staff of the city/village. If you have any questions about this section, please contact Brian Sanada, Asset Management Council Coordinator, at (517) 373-2220 or sanadab@michigan.gov.

# SNOW COUNTY MAP

