

FHWA-536 -Local Highway Finance Report The Local Highway Finance Report Documentation

INTRODUCTION

The Local Highway Finance Report, Form FHWA-536, is a report summarizing highway funding by local governments. Local governments include counties, townships, municipalities, special districts, and other general-purpose or transportation authorities that are created by local governments. The information in this report is required as related to local highways, which include all local government owned and maintained streets, roads, highways, bridges and other appurtenant structures, such as traffic signals, signs, etc. Form FHWA-536 provides for the reporting of four basic areas of local highway finance: (1) disposition of highway-user revenues; (2) revenues used for local highways, identified by source and type of funds; (3) local highway expenditures identified by purpose or activity; and (4) highway debt status. Information reported on Form FHWA-536 permits the Federal Highway Administration (FHWA) to develop a series of national tables depicting the financing of highway activities at the local level. These and the more comprehensive State highway finance information allow FHWA to infer relationships and changes in revenue, expenditure and investment patterns and determine financial trends, which are essential in policy and program development. The highway finance summaries permit FHWA to estimate highway needs and to develop the appropriate future Federal responsibility in highway transportation. The information developed in the national tables is used by public and private sector policy staff, including all levels of government, business firms, research groups, trade associations, universities, and other interested groups and individuals.

INSTRUCTIONS FOR FORM

The following procedures should be used in recording data for Form FHWA-536. For some items the details need to be reported on one page and then carried over to the appropriate cell as indicated on the form (note that in the electronic version, this carry over happens automatically). Certain items are shaded on the form as they are not applicable in the Commonwealth of Pennsylvania and should not have information entered in those boxes.

Please enter the name of your municipality in the box "This Information From The Records Of:" in the upper left side of the form on Tab A. Also enter the name of the person who completed the form in the box "Prepared By:" in the upper right side of the form. If using the web-based reporting tool, this information will be automatically input on the first screen.

Please note that only whole dollars should be entered. Do not enter cents. Subtotals will automatically be calculated.

Section I. Disposition of Highway—User Revenues Available for Local Governments

Section I records the disposition of all local, State, and Federal highway-user revenues that are available for local government expenditure. Highway-user revenues include all proceeds from taxes and fees levied on the owners and operators of motor vehicles for their use of public local highways.

I.A Local Motor-Fuel Taxes – NOT APPLICABLE TO THE COMMONWEALTH OF PENNSYLVANIA. No information should be entered in this column.

I.B Local Motor-Vehicle Taxes – Record in this column the \$5 Fee for Local Use collected for your county. No other information should be entered in this column.

I.B.1 Total receipts available. Enter the total amount of the \$5 Fee for Local Use collected by PennDOT on behalf of your county.

I.B.2 Minus amounts used for Collection purposes. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

I.B.3 Minus amount used for non-highway purposes. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

I.B.4 Minus amount used for mass transit. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

I.C.5 TOTAL – This box will automatically calculate.

I.C Receipts from State highway-user taxes – Record in this item State highway-user taxes and fees that were transferred to local governments for expenditure. These State highway-user taxes should include amounts received from the proceeds of State-imposed motor-fuel taxes, motor vehicle registration fees, driver-licenses fees and motor-carrier taxes

I.C.1 Total receipts available. Enter all State highway-user revenues that were transferred to local governments. In Pennsylvania, this includes:

- Municipal and County Liquid Fuels Tax allocations
- Act 44 of 2007 allocations
- Act 89 of 2013 (Former Act 26) allocations
- Turnback restoration and maintenance funds

This should be the total of the revenue reported in item 354.03, State Highways & Streets, PLUS the revenue reported in 355.02-355.03, Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback on the PA DCED Annual Audit and Financial Report.

I.C.2 Minus amounts used for Collection purposes. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

I.C.3 Minus amount used for non-highway purposes. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

I.C.4 Minus amount used for mass transit. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

I.C.5 TOTAL – This box will automatically calculate.

I.D Receipts from Federal Highway Administration – Record in this item all Federal Highway Administration (FHWA) funds that were received by local governments. Most of these revenues are attributable to the proceeds from Federal motor-fuel and motor-vehicle taxes.

I.D.1 Total receipts available. – Enter all FHWA funds that were received by local governments. This should be the same figure as reported under item 351.03, Federal Highways & Streets Revenue, in the PA DCED Chart of Accounts.

I.D.2 Minus amounts used for Collection purposes. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

I.D.3 Minus amount used for non-highway purposes. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

I.D.4 Minus amounts used for mass transit. Enter the amount of FHWA funds that were used for mass transit purposes.

I.D.5 TOTAL – This box will automatically calculate.

Section II Receipts for Road and Street Purposes

Section II records the revenues from all sources that were dedicated or applied to local highway purposes. The four fund sources identified are: local government, private, State government, and Federal government. Within each category, an attempt is made to identify the type and amount of revenues used in financing local highway activities.

II.A Receipts from local government sources - Record in this item all receipts generated from local government sources. Revenue generated from State taxes should *not* be reported here. FHWA guidance discusses instances when state fees are collected by local governments on behalf of the state; this does not occur in Pennsylvania. *Only receipts from local government generated funding sources should be reported here.*

II.A.1 Local highway-user taxes. – NOT APPLICABLE TO THE STATE OF PENNSYLVANIA. No information should be entered in this box.

II.A.2 General fund appropriations. – Enter all General Funds used for local highway and bridge expenditures. This would include funding from all sources that is brought into the General Fund and was not received specifically for use on roads and bridges.

II.A.3 Other local imposts. – Other local imposts are made up of the amount of other local taxes and fees that were specifically dedicated and used for local highways.

II.A.3.a Property taxes and assessments. – Enter revenues generated from real property taxes and special assessments specifically levied for construction and maintenance of local highways or for highway debt service, including road district levies.

II.A.3.b.(1) Sales taxes. – Enter revenues from local government sales taxes used for local highways (specific to Philadelphia and Allegheny Counties).

II.A.3.b.(2) Infrastructure & Impact Fees. – Enter revenues from infrastructure & Impact Fees used for local highways.

II.A.3.b.(3) Liens. – Enter revenues from Liens used for local highways.

II.A.3.b.(4) Licenses. – Enter revenues from Licenses used for local highways.

II.A.3.b.(5) Other. – Enter revenues from other local government taxes and fees that were specifically allocated and used for local

highway purposes.

II.A.4 Miscellaneous local receipts. – Record all local income not otherwise identified as specifically dedicated for local highways, such as traffic fines and penalties, investment income, net profit or loss from investment transactions, surplus funds applied to local highway activities (surplus parking or garage fees transferred to local agencies for road and street purposes), and other miscellaneous local receipts.

II.A.4.a Interest on Investments. – Enter interest and investment income related to cash and investment balances in local highway accounts Investments and funds. This would include the interest earned on Liquid Fuels Tax Fund, Act 44 of 2007, Act 89 of 2013, \$5 Fee for Local Use, and Turnback accounts. This should not include interest earned on the General Fund or other funds.

II.A.4.b Traffic Fines & Penalties. – Enter Traffic Fines & Penalties income used for local highways.

II.A.4.c Parking Garage. – Enter income from Parking Garage Fees used for local highways. This would be the portion of the revenue reported in item 363.20 of the DCED Annual Audit and Financial Report related to the garages.

II.A.4.d Parking Meter Fees. – Enter income from Parking Meter Fees used for local highways. This would be the portion of the revenue reported in item 363.20 of the DCED Annual Audit and Financial Report related to the meters.

II.A.4.e Sales of Surplus property. – Enter income from the sale of surplus property used for local highways.

II.A.4.f Charges for services. – Enter income from charges for services used for local highways. This would be the portion of the revenue reported in items 361.00 – 379.00 of the DCED Annual Audit and Financial Report only if used for local highway and bridge purposes.

II.A.4.g Misc. Receipts. – Enter amounts from miscellaneous receipts that were used for local highway purposes. This would be the portion of the revenue reported in item 386.00 of the DCED Annual Audit and Financial Report only if used for local highway and bridge purposes.

II.A.4.h Other. – Enter amounts from other sources that were used for local highway purposes.

II.A.5 Transfers from local facilities. – Enter fund transfers from toll facilities to local governments. The toll facility and amount of transferred funds should be identified in a note.

II.A.6 Proceeds of sale of bonds and notes. – Proceeds should be recorded as proceed of debt issued by local governments for local highway purposes. Bonds are obligations issued for a term of 2 or more years, unless they are part of a serial bond issue where maturities begin in the first year after issue. Notes are issued for a term of less than two years. The net proceeds are the actual cash amounts received by local governments. Net proceeds represent the remaining value after par value is adjusted for premiums, discounts, and accrued interest. When debt issues are sold and used for both local highway and non-highway purposes, only the local highway portion should be reported. *However, if the local highway share of an issue is not easily estimated, the issue should be excluded.* This would include items reported in items 393.00, Proceeds of General Long Term Debt, and 394.00, Proceeds of Short Term Debt, on the DCED Annual Audit and Financial Report if the proceeds were used for local highway and bridge expenditures.

II.A.6.a Bonds -Original Issues. – Enter the net proceeds received by local governments from the sale of bonds for local highway projects.

II.A.6.b Bonds – Refunding Issues. Enter the net proceeds received by local governments from the sale of bonds issued to retire existing local highway bonds.

II.A.6.c Notes. Enter the net proceeds received by local governments from the issue of notes for local highway purposes.

II.B Private Contributions – Enter all amounts received by local governments from the private sector as cash or services for local highway programs. Private participation in the public local highway system should be reported in this item. Donations, such as cash or the transfer of real property, the construction of facilities, and the performance of support services (surveys or preliminary and construction engineering) are ways the private sector participates in financing public local highway projects. This would include revenue reported in item 487.00 on the DCED Annual Audit and Financial Report if used for local highways and bridges.

When private donations are reported in item II.B, the amounts contributed as cash, land donations, construction or other improvement of facilities, and the performance of services should also be included in item III.A.

II.C Receipts from State government – Record in this item all State funds received by local governments for local highway and street programs. State transfers take the form of grants-in-aid, loans, legal allocations or shares of State-imposed taxes, or payments to local governments under cooperative agreements.

Funds received by local governments under a State contract for work performed for the State should not be reported on form FHWA-536.

II.C.1 Highway-user taxes. – This is the amount from item I.C.5 and should represent all transfers of State highway-user taxes and fees, including motor-fuel taxes, motor-vehicle registration fees, motor-carrier taxes, and similar taxes and fees that were used for local highways. This box will be filled in automatically from the information entered previously if using the electronic version.

II.C.2 State general funds. – Enter the allocation and transfer of State general funds to local governments for local highway purposes. This would include all revenues reported in items 354.03 through 356.00 on the DCED Annual Audit and Financial Report which were not entered in other boxes of the FHWA 536.

II.C.3 Other State funds. – Record in this item all other State funds transferred to local governments for local highway purposes. These include funds such as bond sales, sales taxes, excise taxes, severance taxes, and mineral lease taxes.

II.C.3.a State bond proceeds. – Enter amounts received from the proceeds of bonds sold by the State to fund local highways.

II.C.3.b Marcellus Shale Impact fee (highway structurally deficient bridge restricted). – This is the Act 13 of 2012 Funds distributed to counties each August by PennDOT. These funds must be used by the county only on structurally deficient bridges included on the Transportation Improvement Program. This should be the figure reported under Item 355.09, Marcellus Shale Impact Fee, in the PA DCED Chart of Accounts by counties only.

II.C.3.c Marcellus Shale Impact Fee (non-restricted funds). – An annual distribution of a portion of the Act 13 of 2012 Funds distributed to counties and municipalities for various uses by the Pennsylvania Public Utilities Commission. This should be the figure reported under Item 355.09, Marcellus Shale Impact Fee, in the PA DCED Chart of Accounts by municipalities which was used for local highway and bridge expenditures. Not all municipalities receive these funds.

II.C.3.d Other – Enter any other amounts, not previously reported, of State funds transferred to local governments used for local highways. Most Pennsylvania municipalities will not have anything to enter in this item.

II.D Receipts from Federal Government – Record in this item the total funds received by local governments from all Federal agencies for local highway activities. This includes funds from FHWA and funds from other Federal agencies paid either directly to local governments or indirectly through the State government.

II.D.1 Federal Highway Administration. – This is the amount from item I.D.5 and should represent all FHWA funds passed through the State and used by local governments for local highways. This box will be automatically filled in from information previously entered.

II.D.2 Other Federal agencies. – Record in this item all funds received from other Federal agencies either directly or indirectly through the State.

II.D.2.a Forest Service. – Enter the amount of funds received by local governments from the United States Forest Service that were used for local highways. This should be the figure reported under Item 352.01, National Forest, in the PA DCED Chart of Accounts.

II.D.2.b FEMA. – Enter the amount of funds received by local governments from the Federal Emergency Management Agency that were used for local highways.

II.D.2.c HUD. – Enter the amount of funds received by local governments from the United States Department of Housing and Urban Development (HUD) that were used for local highways.

II.D.2.d Federal Transit Administration. – Enter the amount of funds received by local governments from the Federal Transit Administration that were used for local highways.

II.D.2.e U.S. Army Corps of Engineers. – Enter the amount of funds received by local governments from the U.S. Army Corps of Engineers that were used for local highways.

II.D.2.f Other. – Enter other amounts received from all other Federal agencies that transferred funds to local governments for local highway purposes. This could include funding, which was used on local highways and bridges, from the Federal Railroad Administration, National Park Service, Bureau of Land

Management, etc. This should be the revenue reported under Items 351.09 – 353.00 in the PA DCED Chart of Accounts by counties only which were not included elsewhere on the FHWA Form 536 and were used for road and bridge purposes.

Section III. Expenditures for Road and Street Purposes

This section reports the expenditures of funds for local highway purposes by local governments from all funding sources and prior revenue categories. The total of this section will not necessarily match the total of the previous section. Local highway expenditures are segregated into four classes: (1) local highway expenditures, (2) debt service on local obligations, (3) payments to State governments, and (4) payments to toll facilities.

Care should be taken to segregate payments to PennDOT and other State agencies to avoid duplicate recording of expenditures between different units and levels of government. Examples of this would be the repayment of the municipality or county's share of bridge inspection costs performed by PennDOT.

Form FHWA-536 is intended to capture all local government expenditures on local highways, including any work that local governments perform on State roads.

When projects are jointly controlled and funded by local and State governments, or co-supported, local government expenditures should be reported on form FHWA-536. The local share of matching funds for Federal-aid projects under State contract should be shown as a transfer to the State in item III.C.1 and not as a direct expenditure in item III.A.

III.A Local highways expenditures – Record and identify in this item all expenditures for local highways and bridges by local governments.

III.A.1 Capital outlay. – Record in this item capital outlay for local highways by local governments. The cost of construction materials and supplies and, if possible, construction machinery and equipment costs should be included in the construction expenditures reported. Administrative costs directly assignable to specific capital outlay projects should be included here, but all other administrative costs should be reported in item III.A.4. Capital outlay for toll facilities should not be included under this item. Mass transit capital outlay should also be excluded from item III.A.1. Capital outlay by local governments as a part of State-local co-supported projects should be reported in this item. The items included in this section should be those reported under item 439.00, Highway Construction and Rebuilding Projects, on the DCED Annual Audit and Financial Report or which required an MS-329, Project Approval, from a Municipal Services Representative.

III.A.1.a Right-of-way. – Enter the following expenditures; right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons. The amount expended on the National Highway System (NHS) should be reported in column (a) while the

amount spent off the National Highway System should be reported in column (b).

III.A.1.b Engineering. Enter the following expenditures: field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS&E); and traffic and related studies. The amount expended on the NHS should be reported in column (a) while the amount spent off the NHS should be reported in column (b).

III.A.1.c Construction. – Note: Items II.A.1.c(1) – II.A.1.c(4) are only required to be broken out when the construction was performed on the NHS. If construction was performed off the NHS, enter the total construction costs in II.A.1.c(5).

II.A.1.c(1) New Facilities. – Enter amounts for new highways and bridges on the NHS.

III.A.1.c(2) Capacity improvements. – Enter amounts for improvements that add capacity on the NHS by adding lane-miles to existing facilities. Include improvements such as relocation, reconstruction (that adds capacity), and major widening of local highways and bridges.

III.A.1.c(3) System preservation. – Enter amounts for improvements on the NHS that preserve the existing system, without significantly adding capacity. Include improvements such as reconstruction (that does not add capacity), minor widening, restoration and rehabilitation, resurfacing, bridge replacement, major bridge rehabilitation, and minor bridge rehabilitation.

III.A.1.c(4) System Enhancement and Operation. – Enter amounts for improvements on the NHS that are not directly related to the physical structure or condition of local highways and bridges. Include improvements such as safety, traffic management, traffic engineering, railroad grade crossings, vehicle weight enforcement facilities, enhancements, and environmental projects.

III.A.1.c(5) Total Construction. – Enter amounts for total construction on the NHS in column a and the total for construction off the NHS in column b.

III.A.2 Maintenance. – Enter all expenditures that are classified as maintenance for local highways and bridges. The purpose of maintenance

is to offset the effects of deterioration from age, weather, use, damage, failure, and design and construction faults. When recording costs incurred by maintenance forces, any expenditures for betterments or improvements should be treated as capital outlay. The term “maintenance” as used on form FHWA-536 is defined as the function of preserving and keeping the entire local highway, including surface, shoulders, roadside, structures and traffic control devices as close as possible to the original condition as designed and constructed. The maintenance function preserves and maintains a local highway or structure’s serviceability. The costs of materials, supplies, and equipment for maintenance activities should be included in the maintenance expenditures reported. When equipment costs cannot be assigned to capital outlay or maintenance, those costs should be prorated between the functions. As with construction expenditures, the maintenance expenditures reported should include all administrative and engineering costs directly assignable to maintenance projects. Maintenance expenditures for toll facilities should not be included on form FHWA-536.

This would include the expenditures in the following items on the DCED Annual Audit and Financial Report:

- Item 431.00, Cleaning of Streets and Gutters
- Item 436.00, Storm Sewer and Drains
- Item 438.00, Maintenance and Repairs of Roads and Bridges

III.A.3 Road and Street Services. – Record in this item the operational expenditures by local governments for local highways and bridges.

III.A.3.a Traffic control operations. – Enter all expenditures for operation of traffic control and surveillance systems that are designed to monitor and control traffic by managing vehicle flow on local highways. Such systems include traffic signal control; roadway, tunnel and bridge surveillance and control; electronic message boards, etc. Include operational costs only (not construction costs; record construction costs in item III.A.1).

This should be the expenditures reported in item 433.00, Traffic Control Devices, on the DCED Annual Audit and Financial Report.

III.A.3.b Snow and ice removal. – Enter the following types of expenditures: removal of snow from local highways; sanding and chemical deicing applications; and the erection and removal of snow fences.

This should be the expenditures reported in item 432.00, Winter Maintenance – Snow Removal, on the DCED Annual Audit and Financial Report.

III.A.3.c Other. – Enter expenditures for other local highway services including highway air quality monitoring, highway beautification, mowing, and litter removal. Also include vegetation management, erosion control programs and programs which monitor highway air quality in nonattainment areas.

This would include the expenditures in the following items on the DCED Annual Audit and Financial Report:

- Item 434.00, Street Lighting
- Item 437.00, Repairs of Tools and Machinery

III.A.4 General administration and miscellaneous. – Enter general and miscellaneous expenditures that are not readily classified as capital outlay, maintenance, or operations. Highway planning, traffic studies, and research activities are included in this item. Expenses associated with the administration of mass transit programs that are supported by local governments are not included in this item.

This would include the expenditures included in item 430.00, General Services – Administration on the DCED Annual Audit and Financial Report; local governments should verify that the expenditures included in item 430.00 are appropriate for reporting on this part of the FHWA-536 form.

III.A.5 Highway law enforcement and safety. – Enter all highway and traffic police costs of local governments that are associated with traffic supervision and the enforcement of highway, traffic, and safety laws. When these costs are commingled with general police activities and lose their identity, estimates should be made.

III.B Debt service on local obligations. – Record in this item the interest and redemption payments for local highway bonds in item III.B.1 and notes in item III.B.2 that were issued by local governments for local highway purposes. Debt service also includes all expenditures incidental to the sale and retirement of local highway debt. Identify only debt service on bonds and notes reported in item II.A.6 and in Section IV.

This section would include expenditures included in items 471.00, Debt Principal (short-term and long-term), and 472.00, Debt Interest (short-term and long-term), on the DCED Annual Audit and Financial Report for debt related to local highways.

III.B.1 Bonds. – Record in this item debt service on bonds. Bonds are obligations originally issued for a term of two or more years.

III.B.1.a Interest. – Enter bond interest costs and related financing costs such as agent fees, fiduciary charges, printing costs, and legal opinions.

III.B.1.b Redemption. – Enter bond redemption payments at net value, i.e., the value after adjustments for discounts and premiums.

III.B.2 Notes. – Record in this item debt service on notes. Notes are obligations originally issued for a term of less than two years.

III.B.2.a Interest. – Enter note interest costs and related financing cost such as agent fees, fiduciary charges, printing costs, and legal opinions.

III.B.2.b Redemption. – Enter the note redemption payments at net value, i.e., the value after adjustments for discounts and premiums.

III.C Payments to State for highways. – Enter the amount of any funds transferred to the State for local highway street purposes. These payments can be for reimbursements, repayments, or contributions.

III.D Payments to toll facilities. – Enter the amounts of any funds transferred to either a State or local toll facility. The toll facility and amount transferred should be identified in a note.

Section IV. Local Highway Debt Status

This section records the status and change in local government highway debt. All amounts are recorded at par value, i.e., the face amount or value.

Information to be reported in this section can be found in the Debt Statement section of the DCED Annual Audit and Report. Only debt related to local highways and bridges should be included here.

IV.A Bonds (Total). – Enter the following information for all local highway bonds: bonds outstanding at the beginning of the year, bonds issued during the year, bonds redeemed during the year, and bonds outstanding at the end of the year.

IV.A.1 Bonds (Refunding Portion). – Enter the portion of bond issues reported in item IV.A. that were involved in refunding. Enter the portion of bonds retired in item IV.A. that were refunded. All entries are at par value. The par value amount of refunding bonds issued may differ from the par value amount of bonds refunded. For example, the net proceeds of a heavily discounted refunding issue would only be sufficient to refund a lesser par value amount of outstanding bonds. For another example, an outstanding bond that carried a large call premium would need a larger par value refunding bond to provide enough funds for the higher net redemption amount.

IV.B Notes (Total). – Enter the following information for all local highway notes; notes outstanding at the beginning of the year, notes issued during the year, notes redeemed during the year, and notes outstanding at the end of the year.