The Local Highway Finance Report, form FHWA-536, is a biennial report summarizing highway funding by local governments. Local governments include counties, townships, municipalities, special districts, and other general purpose authorities that are under the jurisdiction of local governments. 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 roads and streets, identified by source and type of funds; (3) road and street expenditures identified by purpose or activity; and (4) local highway debt status.

Information reported on form FHWA-536 permits the 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 permit 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 in combination with the Highway Performance Monitoring System (HPMS) data 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.

Although form FHWA-536 is a biennial report, the FHWA develops national summary tables annually. For the off years, the FHWA uses projections, estimates, and voluntarily submitted State data. Estimates are based on previously reported State data and on trends observed among those States that report annually. The State has the option of providing form FHWA-536 on an annual basis and is encouraged to report annually.

IMPORTANT GENERAL CONSIDERATIONS

**Determination of reporting year.** The State should consider the variety of fiscal years used by local governments when selecting the period or periods to report for a given year on form FHWA-536. The data on form FHWA-536 may include a mixture of calendar and fiscal years for the various local governments. The State should specify the reporting period used and should provide data that closely corresponds to that period.

**Coverage and content of the local finance report.**—Although reported biennially, form FHWA-536 is designed to cover a one-year period. The biennial reporting requires a single form FHWA-536 providing summary data for all units of local government.

Form FHWA-536 should report the disposition of all highway-user revenues available to local governments for expenditure, and all receipts and expenditures related to: (1) the construction, maintenance, operation, and administration of roads, streets, alleys, and other public ways; (2) traffic police and road patrols; and (3) debt service and status of bonds and notes issued to finance highway activities.

Private sector donations for roads and streets under local government jurisdiction should be included on form FHWA-536. As the magnitude of private contributions on the public highway system continues to escalate and become a significant source of highway funding, the reporting of data on private participation in the public highway system is needed to understand and portray the total picture of local highway finance.

Local governments may use either a cash or an accrual accounting method in reporting information to the State for compilation on form FHWA-536.

**Toll facility data.**—Local toll facility information must be reported for publicly owned facilities on an annual basis. Toll facility information should be identified and reported separately from other local highway finance data on form FHWA-536. There are several ways that toll facility information can be reported to FHWA. Instructions on local toll facility reporting are included in Chapter 10.

Toll facility data should be reported by one of the following methods: (1) as a copy of the toll facility's annual financial report; (2) on form FHWA-539 (see Chapter 10); or (3) on a separate form FHWA-536 for each toll facility.

**Sampling and estimation.**—FHWA recommends that States use sampling and estimation to prepare this form. Highway finance data may not be easily or economically obtainable for all units of local government. It will generally be advantageous to collect data for a selected sample of local governments and then expand the sample to obtain statewide totals.
Eighty percent of all municipalities have a population under 5,000. Data developed from past local highway finance reports indicate that this group accounts for less than 12 percent of highway expenditures by municipalities. The advantages of sampling become evident when considering the application of staff resources to the collection and reporting of data for form FHWA-536.

For a discussion of the basic concepts of sampling, with specific application in the field of local government highway finance, refer to Appendix D. The State must determine the sampling and estimation technique that fits its particular needs, resources, and local government structures. An explanation of the procedures used in developing the statewide summaries should accompany the FHWA-536 reports if sampling and estimation techniques are used.

When sampling is used as a data collection method, a 100 percent survey every 10 years of local governments is suggested. This survey would indicate if any problems exist with the sampling or estimation procedures, and if changes or fine tuning of the procedures are necessary.

Each State should carefully review its FHWA-536 reporting to assure that all local government finances for roads and streets are reported. Local government data for capital outlay on the National Highway System (NHS) should be correlated with mileage data supplied through the HPMS.

In preparing form FHWA-536, the State should also consider the number of governments and subordinate agencies conducting highway programs. In some instances, units subordinate to county, township, or municipal governments perform highway functions. The associated financial activities of these units should be included as local governments for the purpose of reporting information on form FHWA-536.

The road and street functions of subordinate agencies may be explicit in their names or can be determined through local knowledge of their activities. Subordinate units may include: road improvement districts; special taxing districts or areas; and special public authorities or commissions created to finance specific or self-supporting facilities, such as toll bridges and facilities acquired by lease-purchase agreements.

Capital outlay on the National Highway System.—Expenditures made on the NHS are of special interest to FHWA. For this reason, columns (a) and (b) on the page 2 detail section for Item A.1., "Capital Outlay," split expenditures made on and off the NHS and provides specific items for improvement type data.

For the State to successfully obtain information on capital outlay on the NHS from local governments, the State may need: 1) to identify local governments which have NHS routes within their boundaries, and 2) to provide those local governments with a listing of NHS routes. Local officials may not be aware of which roads are on the NHS. Coordination with those in the State who prepare HPMS data may be of assistance in identifying those local governments that have NHS segments within their boundaries.

In many States, the local governments’ share of capital outlay on the NHS may be relatively insignificant as only two percent of total NHS mileage is under local jurisdiction.

Transfers of funds between governments.—Fund transfers between local governments should not be reported on form FHWA-536. Fund transfers to or from the State and State agencies should be included on form FHWA-536.

Transfers to State agencies for highway purposes that are reported on form FHWA-536 should be consistent with amounts that are reported on form FHWA-531 as receipts from local governments. Differences should exist only if the forms are based on different reporting years.

Transfers from State agencies that are reported on form FHWA-536 should be consistent with amounts that are reported as transferred to local governments on forms FHWA-556, FHWA-566, and FHWA-532. In most cases, differences should exist only for reporting period differences. Differences also occur when local governments use a portion of multipurpose State or Federal block grants for roads and streets. In this case, the amount reported on form FHWA-536 may exceed comparable amounts reported on the State-level forms which only include grants required to be used on roads and streets. Any major differences should be explained in a note.

All Federal funds received by local governments should be identified and reported on form FHWA-536. This includes direct payments, grants-in-aid, and funds transferred through the State. The preceding discussion on State revenue transfers being in agreement with those reported on form FHWA-532 applies equally to Federal funds paid to local governments.
When the State retains the local portion of State tax revenues or Federal funds, the amount retained by the State should be omitted from form FHWA-536.

INSTRUCTIONS FOR FORM FHWA-536

The following procedures should be used in recording data for the items on page 1 and in providing detail for the supporting schedule on page 2. (Note that the items on page 2 correspond to the items on page 1.)

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 includes all proceedings from taxes and fees levied on the owners and operators of motor vehicles for their use of public roads and streets.

Item I.A. Local motor-fuel taxes—Record in this item the disposition of all revenue received from the imposition of local motor-fuel taxes. These revenues are directly related to local government taxation on the highway use of motor fuels.

When the State mandates the imposition by local governments of a uniform motor-fuel tax, the tax is considered a State motor-fuel tax and should not be included in this item. Any funds transferred to local governments from this tax are to be reported as a State transfer to local governments in item I.C.

Item I.A.1. Total receipts available—Enter the net revenues from local motor-fuel taxes. Amounts should be reported at net value, i.e., total receipts less refunds.

Item I.A.2. Minus amount used for collection expenses.—Enter the amount of local motor-fuel tax revenues that were deducted for the payment of collection expenses. If collection expenses were paid from another source, such as local general funds, no amount should be reported in this item.

Item I.A.3. Minus amount used for nonhighway purposes.—Enter the amount of local motor-fuel tax revenues that were used for nonhighway and nontransit purposes. This includes amounts that were used for general purposes, other modes of transportation, or specific nonhighway purposes, i.e., aviation, marine, schools, etc.

Item I.A.4. Minus amount used for mass transit.—Enter the amount of local motor-fuel tax revenues that were used for mass transit.

Item I.A.5. Remainder used for highway purposes.—Enter the amount of local motor-fuel tax revenues that were used for highways. This should equal net receipts less the amounts used for collection expenses, nonhighway purposes, and mass transit.

Item I.B. Local motor-vehicle taxes.—Record in this item the disposition of all revenues received from the imposition of local motor-vehicle taxes and fees. These revenues are directly related to local government taxation on the operation and ownership of motor vehicles for their use on public highways, roads and streets. Local registration fees, plate fees, wheel taxes, etc. should all be included. Personal property taxes and sales taxes on motor vehicles should be reported under the instructions for item II.A.3.b.

Any revenue retained by local governments from State-imposed registration or driver-license fees should not be included in this item. Such amounts are reported as State transfers to local governments in items I.C. and II.C.

Item I.B.1. Total receipts available—Enter the net revenues from local motor-vehicle taxes. Amounts should be reported at net value, i.e., total receipts less refunds.

Item I.B.2. Minus amount used for collection expenses.—Enter the amount of local motor-vehicle tax revenues that were deducted for the payment of collection expenses. If collection expenses were paid from another source, such as local general funds, no amount should be reported in this item.

Item I.B.3. Minus amount used for nonhighway purposes.—Enter the amount of local motor-vehicle tax revenues that were used for nonhighway and nontransit purposes. This would include amounts used for local general purposes, other modes of transportation, or specific nonhighway purposes, i.e., aviation, marine, schools, etc.

Item I.B.4. Minus amount used for mass transit.—Enter the amount of local motor-vehicle tax revenues that were used for mass transit.

Item I.B.5. Remainder used for highway purposes.—Enter the amount of local motor-vehicle tax revenues that were used for highways. This should equal net receipts less the amounts used for collection expenses, nonhighway purposes, and mass transit.

Item 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 should include amounts received from the proceeds of State-imposed motor-fuel taxes, motor-vehicle registration fees, driver-licenses fees and motor-carrier taxes. For State-imposed taxes collected by local governments, the portion of revenues that are retained by or transferred back to local governments should be included in this item. (See comments for items I.A. and I.B.)

The amounts reported in this item should be consistent with the distributions of State highway-user revenues provided on forms FHWA-556, FHWA-566, and FHWA-532.

Item I.C.1. Total receipts available.—Enter all State highway-user revenues that were transferred to local governments. Amounts reported on form FHWA-566, item 2.A. as deductions by county and local officials for collection and administrative expense should be excluded.

Item I.C.2. Minus amount used for collection expenses.—Item is shaded. Nothing should be reported in this item. Expenses incurred by local governments in the collection of State-imposed motor-vehicle taxes should be reported on form FHWA-566, item 2.A.

Item I.C.3. Minus amount used for nonhighway purposes.—Enter the amount of State highway-user revenues that were used for nonhighway and nontransit purposes. This includes amounts used for local general purposes, other modes of transportation, or specific nonhighway purposes, i.e., schools, conservation programs, courthouses, etc.

Item I.C.4. Minus amount used for mass transit purposes.—Enter the amount of State highway-user revenues that were used for mass transit purposes.

Item I.C.5. Remainder used for highway purposes.—Enter the amount of State highway-user revenues that were used for highways. This should equal total receipts less the amounts used for mass transit and nonhighway purposes.

Item 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 and are passed through the State Department of Transportation to local governments.

Item I.D.1. Total receipts available.—Enter all FHWA funds that were received by local governments.

Item I.D.2. Minus amount used for collection expenses.—Item is shaded. Nothing should be reported in this item.

Item I.D.3. Minus amount used for nonhighway purposes.—Item is shaded. Nothing should be reported. FHWA funds can only be used for highway and mass transit purposes.

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

Item I.D.5. Remainder used for highway purposes.—Enter the amount of FHWA funds that were used for highway purposes.

Section II. Receipts for Road and Street Purposes

Section II records the revenues from all sources that were dedicated or applied to local road and street 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 highway activities. The classification of revenues should be consistent with the classification and description of revenues appearing in Chapter 8.

Item 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. Although some State taxes are collected by local governments for the State government, they should be reported under State sources in item II.C. For example, when State motor-vehicle registration fees are collected by county or other local officials and a share of this revenue is credited to local road funds without first being forwarded to the State government, those revenues are to be reported as a State transfer to local governments and not as a local revenue item.

Item II.A.1. Local highway-user taxes.—Record in this item all revenues from local taxes and fees on highway users that were used for highway, road or street purposes. Any revenues from State highway-user taxes are reported in item II.C. even if collected by local governments.
**Item II.A.1.a. Motor fuel.**—Enter the amount reported on item I.A.5. This should represent the portion of net revenues received from the imposition of local motor-fuel taxes, that were used for road and street purposes.

**Item II.A.1.b. Motor vehicle.**—Enter the amount reported on item I.B.5. This amount represents the portion of revenues received from local motor-vehicle taxes, that were used for road and street purposes.

**Item II.A.1.c. Total.**—Enter the sum of items II.A.1.a. and II.A.1.b.

**Item II.A.2. General fund appropriations.**—Enter all appropriations from local general funds that are used for roads and streets. Any excess general funds should not be included in this item as those funds are returned to the local general fund before any disbursement for highway purposes. Only the net amount from local general fund sources should be reported.

**Item II.A.3. Other local imposts.**—Record in this item the amount of other local taxes and fees that were specifically dedicated and used for roads and streets. The total reported on page 1 should match the sum of the detail items reported on page 2.

**Item 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 roads and streets or for highway debt service, including road district levies.

**Item II.A.3.b. Other local imposts.**—Enter revenues from other local government taxes and fees, including personal property taxes levied on motor vehicles, impact fees, sales taxes, and any other local taxes and fees that were used for highway purposes. The tax or fee should be identified in the detail for this item.

**Item II.A.3.b.(1). Sales taxes.**—Enter revenues from local government sales taxes.

**Items II.A.3.b.(2). through II.A.3.b.(6).**—Enter revenues from other local government taxes and fees that were specifically allocated and used for highway purposes. Specify the type of tax and amount in these detail items on page 2.

**Item II.A.3.c. Total.**—Enter the sum of items II.A.3.a. and II.A.3.b.

**Item II.A.4. Miscellaneous local receipts.**—Record all local income not otherwise identified as specifically dedicated for roads and streets, 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. The total reported on page 1 should match the sum of the detail items reported on page 2.

**Item II.A.4.a. Interest on Investments.**—Enter interest and investment income related to cash and investment balances in highway, roads and street accounts and funds.

**Items II.A.4.b. through II.A.4.f.**—Enter amounts from major sources of miscellaneous revenues that were used for highway purposes. Specify the source, type and amount of revenue in these detail items. If additional items are needed, a supplementary schedule can be used.

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

**Item II.A.6. Proceeds of sale of bonds and notes.**—Record in this item the net proceeds of debt issued by local governments for highway purposes. Bonds are obligations issued for a term of 2 or more years, unless they are a 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 highway and nonhighway purposes, only the highway portion should be reported. However, if the highway share of an issue is not easily estimated, the issue should be excluded.

**Item II.A.6.a. Bonds - Original Issues.**—Enter the net proceeds received by local governments from the sale of bonds for road and street projects.

**Item II.A.6.b. Bonds - Refunding Issues.**—Enter the net proceeds received by local governments from the sale of bonds issued to retire existing road and street bonds.

**Item II.A.6.c. Notes.**—Enter the net proceeds received by local governments from the issue of notes for road and street purposes.

**Item II.A.6.d. Total.**—Enter the sum of items II.A.6.a. through II.A.6.c.
Item II.A.7. Total.—Record in this item the total revenue from local sources for road and street programs. Enter the sum of items II.A.1. through II.A.6.

Item II.B. Private contributions.—Enter all amounts received by local governments from the private sector as cash or services for road and street programs. Private participation in the public road 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 highway projects.

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.

Item II.C. Receipts from State government.—Record in this item all State funds received by local governments for local road 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.

When preparing information on State transfers to local governments, the prior year’s form FHWA-532 should be examined. Item A.10. on form FHWA-532 provides information on State transfers of State and Federal funds to local governments for roads and streets.

Item II.C.1. Highway-user taxes.—Enter the amount reported on item I.C.5. This amount 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 roads and streets.

Item II.C.2. State general funds.—Enter the allocation and transfer of State general funds to local governments for highway purposes.

Item II.C.3. Other State funds.—Enter and identify all other State funds transferred to local governments for highway purposes. These include funds such as bond sales, sales taxes, excise taxes, severance taxes, and mineral lease taxes.

Item II.C.3.a. State bond proceeds.—Enter amounts received from the proceeds of bonds sold by the State.

Items II.C.3.b. through II.C.3.f.—Enter the amounts and identify the sources of other State funds transferred to local governments.

Item II.C.4. Total.—Enter the sum of items II.C.1. through II.C.3.

Item II.D. Receipts from Federal Government.—Record in this item the total funds received by local governments from all Federal agencies for 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. This item should be coordinated with item A.10. on form FHWA-532, which provides information on State transfers of State and Federal funds to local governments for roads and streets.

Item II.D.1. Federal Highway Administration.—Enter the amount reported in item I.D.5. This amount should represent all FHWA funds passed through the State and used by local governments for highways.

Item II.D.2. Other Federal agencies.—Enter all funds received from other Federal agencies either directly or indirectly through the State.

Item 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 roads and streets.

Item II.D.2.b. FEMA.—Enter the amount of funds received by local governments from the Federal Emergency Management Agency that were used for roads and streets.

Item II.D.2.c. HUD.—Enter the amount of funds received by local governments from the United States Department of Housing and Urban Development that were used for roads and streets.

Items II.D.2.d. through II.D.2.f.—Enter and identify by agency the amounts received from all other Federal agencies that transferred funds to local governments for highway purposes.

Item II.D.3. Total.—Enter the sum of items II.D.1. through II.D.2.

Item II.E. Total receipts.—Record in this item the total revenue from local, private, State, and Federal sources
for road and street programs of local governments. Enter the sum of items II.A. through II.D.

Section III. Expenditures for Road and Street Purposes

This section reports the expenditures of funds for highway purposes by local governments. Local highway expenditures are segregated into four classes: (1) local highway disbursements, (2) debt service on local obligations, (3) payments to State governments, and (4) payments to toll facilities.

The classification of expenditures should follow the guidelines established for form FHWA-532 in Chapter 8. Care should be taken to segregate payments to the State highway agency and other State agencies to avoid duplicate recording of expenditures between different units and levels of government.

Form FHWA-536 is intended to capture all local government expenditures on highways, roads and streets, 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, while State expenditures are reported on form FHWA-532. When the State retains full control over a project, but contracts with a local government for some services or for some of the work, those expenditures should be reported on form FHWA-532, not 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.

Item III.A. Local highway expenditures.—Record and identify in this item all expenditures for highway activities by local governments.

Item III.A.1. Capital outlay.—Record in this item capital outlay for highways, roads, and streets by local governments. The information provided in this item should be consistent with the classification of capital outlay in Chapter 8.

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. See instructions for item III.D. and Chapter 10 for information on toll facility reporting. 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 total reported on page 1 for this item should match the detail reported on page 2.

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

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

Item III.A.1.c. Construction.—Enter all expenditures for construction of roads and bridges. See the instructions and examples in Chapter 8 for item A.1.c. on form FHWA-532.

Item III.A.1.c.(1). New Facilities.—Enter expenditures for new highways, roads, and bridges. This item excludes expenditures on existing highways, roads, streets, and bridges. See the instructions in Chapter 12 for item I.A. on form FHWA-534, for detailed definitions of individual improvement types.

Note that this detail is requested only for amounts spent on the National Highway System. Columns (b) and (c) are shaded for this reason.

Item III.A.1.c.(2). Capacity improvements.—Enter expenditures for improvements that add capacity either by adding lanes to existing facilities. Include improvements such as relocation with added capacity, reconstruction with added capacity, major widening,
bridge replacement with added capacity, and bridge rehabilitation with added capacity. See the instructions in Chapter 12 for item I.B. on form FHWA-534, for detailed definitions of individual improvement types.

Note that this detail is requested only for amounts spent on the National Highway System. Columns (b) and (c) are shaded for this reason.

Item III.A.1.c.(3). System preservation.—Enter expenditures for improvements 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. See the instructions in Chapter 12 for item I.C. on form FHWA-534, for detailed definitions of individual improvement types.

Note that this detail is requested only for amounts spent on the National Highway System. Columns (b) and (c) are shaded for this reason.

Item III.A.1.c.(4). System enhancement and operation.—Enter expenditures that improve the quality of the natural environment by reducing highway-related pollution and by protecting and enhancing ecosystems, and for improvements that are not directly related to the physical structure or condition of roads and bridges. Include improvements such as safety, traffic management, traffic engineering, railroad grade crossings, vehicle weight enforcement facilities, enhancements, and environmental projects. See the instructions in Chapter 12 for item I.D. on form FHWA-534, for detailed definitions of individual improvement types.

Note that this detail is requested only for amounts spent on the National Highway System. Columns (b) and (c) are shaded for this reason.

Item III.A.1.d. Total construction.—Enter all expenditures for construction of roads and bridges. Column (a) should represent total construction on the National Highway System, and should be the sum of the amounts reported in items III.A.1.c.(1). through III.A.1.c.(4). Total construction on roads off of the National Highway System should be reported in column (b).

Item III.A.1.d. Total.—Enter the sum of items II.A.1.a., II.A.b., and II.A.1.c.(5).

Item III.A.2. Maintenance.—Enter all expenditures that are classified as maintenance for highways, roads, streets, 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 information provided in this item should be consistent with the instructions and examples in Chapter 8 for item A.2. on form FHWA-532.

The term maintenance as used on form FHWA-536 is defined as the function of preserving and keeping the entire 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 road 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. See Chapter 10 for data reporting requirements for toll facilities.

Item III.A.3. Road and street services.—Record in this item the operational expenditures by local governments for roads, streets and bridges. The information provided in this item should be consistent with the classification of operational expenditures in Chapter 8 for item A.3. on form FHWA-532.

Item 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 streets and highways. Such systems include traffic signal control; roadway, tunnel and bridge surveillance and control; electronic message boards, etc.

Item III.A.3.b. Snow and ice removal.—Enter the following types of expenditures: removal of snow from roadway or roadside; sanding and chemical deicing applications; and the erection and removal of snow fences.
Item III.A.3.c. Other.—Enter expenditures for other road and street services including highway air quality monitoring, highway beautification, mowing, and litter removal.

Item III.A.3.d. Total.—Enter the sum of items III.A.3.a., III.A.3.b., and III.A.3.c.

Item 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. The information provided in this item should be consistent with the instructions and examples provided in Chapter 8 for item A.4. on form FHWA-532.

Expenses associated with the administration of mass transit programs that are supported by local governments are not included in this item.

The collection and administrative costs associated with local motor-fuel and motor-vehicle revenue collections should not be included in this item. These costs should appear in items I.A.2. and I.B.2.

Item 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. The information provided in this item should be consistent with the instructions and examples provided in Chapter 8 for item A.5. on form FHWA-532.

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

Item 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.

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

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

Item III.B.1.c. Total.—Enter the sum of items III.B.1.a. and III.B.1.b.

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

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

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

Item III.B.2.c. Total.—Enter the sum of items III.B.2.a. and III.B.2.b.

Item III.B.3. Total.—Enter the sum of items III.B.1. and III.B.2.

Item III.C. Payments to State for highways.—Enter the amount of any funds transferred to the State for highway, road, and street purposes. These payments can be for reimbursements, repayments, or contributions. This item should be coordinated with item B.8. on form FHWA-531.

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

Item III.E. Total expenditures.—Record in this item the total disbursements by local governments for road and street programs. Enter the sum of items III.A. through III.D.

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. See Chapter 9 for a general description and instructions for reporting highway debt information.

Item IV.A. Bonds (Total).—Enter the following information for all road and street 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.

Item 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 lessor 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.

Item IV.B. Notes (Total).—Enter the following information for all road and street 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.
# LOCAL HIGHWAY FINANCE REPORT

<table>
<thead>
<tr>
<th>STATE:</th>
<th>YEAR ENDING (mm/yy):</th>
</tr>
</thead>
</table>

This Information From The Records Of: Prepared By:

## I. Disposition of Highway-User Revenues Available for Local Government Expenditure

<table>
<thead>
<tr>
<th>ITEM</th>
<th>A. Local Motor-Fuel Taxes</th>
<th>B. Local Motor-Vehicle Taxes</th>
<th>C. Receipts from State Highway-User Taxes</th>
<th>D. Receipts from Federal Highway Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Total receipts available</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Minus amount used for collection expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Minus amount used for nonhighway purposes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Minus amount used for mass transit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Remainder used for highway purposes</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

## II. Receipts for Road and Street Purposes

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
</table>

## III. Expenditures for Road and Street Purposes

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
</table>

## IV. Local Highway Debt Status

(Show all entries at par)

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
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</table>

<table>
<thead>
<tr>
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| Notes and Comments: |

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