



Form 536 Instructions from FHWA Guidebook

- Excel spreadsheet with instructions can be found on the Alabama Department of Transportation website under Publications and Drop Down menu: Finance & Audits
- Current Year Due: March 31, 2025 for FY 24
- Return via Email to williamskl@dot.state.al.us

2.7 Local Government Finance Reports

Background

Form 536, Local Highway Finance Report, which summarizes the funding of highways by local governments, is submitted to FHWA biennially on April 1 of odd numbered years for the previous even numbered year. . For this form, local governments include counties, townships, municipalities, special districts, and other general-purpose authorities under local government jurisdiction. Use Form 536 to report four areas of local highway finance:

- Disposition of highway user revenues.
- Revenues used for roads and streets, identified by source and type of funds.
- Roadway expenditures identified by purpose or activity.
- Local highway debt status.

States have the option of submitting Form 536 on an annual basis and are encouraged to do so.

Use and Dissemination of Data

The FHWA uses data on local government finance to track funding trends and develop annual national datasets, which support various strategic objectives. The data provides inputs to business processes such as analysis of highway investment needs, monitoring of the HTF, apportionment of Federal-aid Highway Program funds, and technical assistance. Each year, highway users pay billions of dollars in highway excise taxes that are deposited into the HTF. Federal legislation requires generally that those funds paid into the HTF be returned to the States, in accordance with certain allocation processes, for highway program purposes. Data on State-reported highway program income and expenditure is used extensively in these processes.

Information reported on Form 536 permits FHWA to develop national tables that are in the annual Highway Statistics Series publication depicting the financing of highway activities at the local level.

Data from Form 536 and the more comprehensive State highway finance information enable FHWA to infer relationships and changes in revenue, expenditure, and investment patterns and determine financial trends. Understanding these trends is 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.

The FHWA highway finance tables (State and local) are the basis of important national summaries of highway finance information that FHWA, the U.S. Department of Transportation, the Office of Management and Budget, Congress, and other groups use to develop national transportation policy and programs.

State Responsibilities for Data Collection and Interagency Coordination

Form 536 is for reporting the highway-related receipts and expenditures of all local governments in a State. The State DOT is responsible for collecting and compiling the data from the local governments and submitting Form 536 to FHWA.

Due Date

Form 536 is due June 1 of odd years only for local data from the previous even year. Although it is submitted every other year, it covers only a one-year period.

TAKE NOTE

Although FHWA Form 536 is reported biennially, FHWA develops national summary tables annually. For off years, FHWA uses projections, estimates, and voluntarily submitted State data. Estimates are based on previously reported State data and on trends observed among States that report annually.

Special Considerations

States may have to give special consideration to certain issues while compiling data on local government finance reports or may have unique circumstances in the collection and reporting of the data. The following provides information about how to treat some of these special considerations.

Biennial Reporting for a One-Year Period

Form 536 covers a one-year period, although it is submitted biennially. FHWA requires a single Form 536 for all local government units.

Determination of Reporting Year

Within a State, local governments may use different fiscal years from each other and from the State fiscal 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 536.

FOR EXAMPLE

City Agency A may use the fiscal year October 1 to September 30, County Agency B may use the fiscal year July 1 to June 30, and the State may use fiscal year April 1 to March 31.

The data may cover a mixture of calendar and fiscal years for local governments; States should add a note specifying the reporting period used.

Coverage and Content of the Local Finance Report

Form 536 should include the disposition of all highway user revenues available to local governments for expenditure, and all receipts and expenditures related to

- The construction, maintenance, operation, and administration of roads, streets, alleys, and other public ways
- Traffic police and road patrols
- Debt service and status of bonds and notes issued to finance highway activities.

Also include private sector donations made for roads and streets under local government jurisdiction on Form 536. Private contributions have become a significant source of highway



funding, and data on private participation in the public highway system is needed for a full understanding of local highway finance.

Review Form 536 carefully to ensure that all local government finances for roadways are reported. Correlate local government data on capital outlays on the National Highway System (NHS) with mileage data from the HPMS.

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

Toll Facility Data

Do not report local toll facility finance data on Form 536. Finance data for publicly owned local toll facilities is reported separately (see section 2.3 for reporting instructions for toll facilities).

Sampling and Estimation

FHWA recommends that States use sampling and estimation to prepare Form 536 because highway finance data may not be easily obtainable for all units of local government, and collecting the data may require many hours of State DOT staff time. Using a sampling of local governments and extrapolating that data to obtain statewide totals can save time and money. States should determine the sampling and estimation technique, if any, that meets their needs and suits their resources and local government structures.

If your State uses sampling in preparing Form 536, add a note explaining the sampling and estimation procedures used in developing the statewide summaries. And if your State uses sampling in data collection, every 10 years, request feedback from all local governments on the accuracy of the sampling and if fine-tuning of sampling procedures is necessary.

Reporting for Subordinate Agencies

In some States, units subordinate to county, township, or municipal governments perform highway functions. The financial activities of these units should also be reported on Form 536. The roadway functions of subordinate agencies may or may not be explicit in their names. Subordinate units may include road improvement districts; special taxing districts or areas; 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. Form 536 splits reporting on expenditures for roadways into NHS expenditures and not-NHS expenditures (“On NHS” and “Off NHS”).

In many States, local governments’ share of capital outlay on the NHS may be insignificant. Only 2% of NHS miles are under local jurisdiction, but this data is still important to understanding highway finance needs.

TAKE NOTE

Local officials may not know which roads are on the NHS. To obtain information about capital outlays on the NHS from local governments, identify local governments that have NHS routes in their boundaries and give them a list of the NHS routes. State staff who prepare HPMS data may be able to identify the local governments that have NHS segments within their boundaries.



See Item III.A, Local Highway Expenditures for reporting details.



Transfers of Funds Between Governments

Fund transfers to or from the State to local governments should be reported on Form 536, but fund transfers between local governments are not reported on Form 536.

Exhibit 2-4. Include in or Exclude from Transfers of Funds Between Governments

Include or Exclude	
 <ul style="list-style-type: none"> • Fund transfers to the State from local governments • Fund transfers from the State to local governments • Federal funds received by local governments. 	 <ul style="list-style-type: none"> • Fund transfers between local governments • Any amount of the local portion of State tax revenues or Federal funds retained by the State.

Also report Federal funds received by local governments on Form 536. This includes direct payments, grants-in-aid, and funds transferred through the State.

If your State retains the local portion of State tax revenues or Federal funds, omit the amount retained by the State from Form 536.

Form 536 Reporting Requirements

Form 536 should be completed and submitted by the State DOT. It must be submitted in Fuels and FASH.

Form 536 contains two tabs, Tab A and Tab B. Tab A provides a high-level summary of the data, while Tab B provides detailed data. Item numbers on Tab A correspond with item numbers on Tab B.

Form 536 has four sections. Item-by-item descriptions are given below.

The reporting unit for Form 536 is whole dollars. Round decimal fractions to the nearest dollar.

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

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 roads and streets.

Section I has four columns, for the following four types of highway user revenues:

- A. Local motor fuel taxes
- B. Local motor vehicle taxes
- C. Receipts from State highway user taxes
- D. Receipts from FHWA

Column I.A, Local Motor Fuel Taxes

This item is for reporting the revenue received from the imposition of local motor fuel taxes, certain expenditures related to the motor fuel taxes, and the remainder of the funds (revenue less expenditure) used for highway purposes.



Record the disposition of all revenue received from the imposition of local motor fuel taxes. These revenues are directly related to local government taxation of the highway use of motor fuels.

If your State requires local governments to impose a uniform motor fuel tax, the tax is considered a state tax and is not reported here. Report any funds transferred to local governments from such a tax as a state transfer to local governments in Column I.C, Receipts from State Highway User Taxes.

Item I.A.1 Total Receipts Available

This item is for reporting revenue from local motor fuel taxes. Enter net revenues from local motor fuel taxes (total receipts less refunds).

Item I.A.2, Minus Amount Used for Collection Expenses

This item is for reporting local motor-fuel tax revenues that were deducted for the payment of collection expenses. Enter the amount of local motor fuel tax revenues that were deducted for collection expenses. If collection expenses were paid from another source, such as local general funds, do not report any amount in this item.

Item I.A.3, Minus Amount Used for Non-highway Purposes

This item is for reporting local motor fuel tax revenues that were used for non-highway and non-transit purposes. This includes amounts that were used for local general purposes, other modes of transportation, or specific non-highway purposes—such as aviation, marine, or schools.

Item I.A.4, Minus Amount Used for Mass Transit

This item is for reporting local motor fuel tax revenues that were used for mass transit.

Item I.A.5, Remainder Used for Highway Purposes (SYSTEM-CALCULATED FIELD)

This item shows the amount of local motor fuel tax revenues that were used for highways. Fuels and FASH calculates this item automatically, from items I.A.1 through I.A.4—net receipts less the amounts used for collection expenses, non-highway purposes, and mass transit.

Column I.B, Local Motor Vehicle Taxes

This column is for recording the revenue received from the imposition of local motor vehicle taxes, certain expenditures related to motor vehicle taxes, and the remainder of the funds (revenue less expenditure) used for highway purposes.

Record 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. Include local registration fees, plate fees, and wheel taxes.

Personal property taxes and sales taxes on motor vehicles are reported in Item II.A.3.b, Other Local Imposts.

Do not include any revenue retained by local governments from State-imposed registration or driver license fees. Such amounts are reported as State transfers to local governments in items I.C. and II.C.



Item I.B.1 Total Receipts Available

This item is for reporting net revenues from local motor vehicle taxes. Report amounts at net value (total receipts less refunds).

Item I.B.2, Minus Amount Used for Collection Expenses

This item is for reporting 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 Non-highway Purposes

This item is for reporting the amount of local motor vehicle tax revenues that were used for non-highway and non-transit purposes. This includes amounts used for local general purposes, other modes of transportation, or non-highway purposes such as aviation, marine, and schools.

Item I.B.4, Minus Amount Used for Mass Transit

This item is for reporting the amount of local motor vehicle tax revenues that were used for mass transit.

Item I.B.5, Remainder Used for Highway Purposes (SYSTEM-CALCULATED FIELD)

This item shows the amount of local motor vehicle tax revenues that were used for highways. Fuels and FASH calculates this value automatically from net receipts less the amounts used for collection expenses, non-highway purposes, and mass transit.

Column I.C, Receipts from State Highway User Taxes

This column is for recording revenues received from State highway user taxes, certain expenditures related to highway user taxes, and the remainder of the funds (revenue less expenditure) used for highway purposes.

Enter the highway user taxes and fees that were transferred to local governments for expenditure. This includes amounts received from the proceeds of State-imposed motor fuel taxes, motor vehicle registration fees, driver license fees, and motor carrier taxes.

For State-imposed taxes collected by local governments, report the portion of revenues retained by or transferred back to local governments in this column. See also Column I.A, Local Motor Fuel Taxes and Column I.B, Local Motor Vehicle Taxes.

The amounts reported in this item should be consistent with the amounts of highway user revenues distributed as reported in Form 556, Form 566, and Form 532.

Item I.C.1 Total Receipts Available

Enter all State highway user revenues that were transferred to local governments. Exclude amounts reported on Form 566, item 2.A, as deductions by county and local officials for collection and administrative expenses.

Item I.C.2, Minus Amount Used for Collection Expenses

This item is not available for data entry because the expenses incurred by local governments in collecting State-imposed motor vehicle taxes are not reported on Form 536 but on Form 566, item 2.A.



Item I.C.3, Minus Amount Used for Non-highway Purposes

Enter the amount of State highway user revenues used for non-highway and non-transit purposes. This includes amounts used for

- Local general purposes
- Other modes of transportation, or
- Non-highway purposes such as schools, conservation programs, and courthouses.

Item I.C.4, Minus Amount Used for Mass Transit Purposes

This item is for reporting State highway user revenues that were used for mass transit purposes.

Item I.C.5, Remainder Used for Highway Purposes (SYSTEM-CALCULATED FIELD)

This item shows the amount of State highway user revenues that was used for highways. This equals total receipts less the amounts used for mass transit and non-highway purposes. Fuels and FASH calculates this item automatically.

Column I.D, Receipts from Federal Highway Administration

This column is for funds received from FHWA, certain expenditures related to motor vehicle taxes, and the remainder of the funds (revenue less expenditure) used for highway purposes. Most of these revenues are attributable to the proceeds from Federal motor fuel and motor vehicle taxes and are passed through the State DOT to local governments.

Enter amounts in items I.D.1 and ID.4. Items I.D.2 and I.D.3 are not available for data entry.

Item I.D.1, Total Receipts Available

This item is for reporting FHWA funds that were received by local governments.

Item I.D.2, Minus Amount Used for Collection Expenses

This item is not available for data entry.

Item I.D.3, Minus Amount Used for Non-highway Purposes

This item is not available for data entry. FHWA funds can be used only for highway and mass transit purposes.

Item I.D.4, Minus Amount Used for Mass Transit Purposes

This item is for reporting FHWA funds that were used for mass transit purposes.

Item I.D.5, Remainder Used for Highway Purposes (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this item automatically. Fuels and FASH calculates this item automatically, from net receipts less the amounts used for collection expenses, non-highway purposes, and mass transit.

Section II. Receipts for Road and Street Purposes

Section II is for reporting the revenues that were dedicated or applied to local roadway purposes from all sources. The four fund sources are:

- Local government
- Private
- State government
- Federal government.



In each category, 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 in section 2.1.

Item II.A, Receipts from Local Government Sources

The items in this column are for reporting revenue received from local government sources. Enter all receipts generated from local government sources, but not revenue generated from State taxes.

Some State taxes are collected by local governments on behalf of the State government. Do not report these amounts here. Report such taxes in item II.C, Receipts from State Government.

TAKE NOTE

When county or other local officials collect State motor-vehicle registration fees and credit a share of this revenue to local road funds without first forwarding them to the State government, those revenues are reported as a state transfer to local governments (item II.C), not as local revenue (II.A).

Item II.A.1, Local Highway user Taxes

This item is for reporting revenues from local taxes and fees on highway users that were used for highway or roadway purposes. Do not include revenue from State highway user taxes collected by local governments.

Item II.A.1.a, Motor Fuel (SYSTEM-CALCULATED FIELD)

This item shows the portion of net revenues received from the imposition of local motor fuel taxes that were used for road and street purposes. Fuels and FASH populates this item with the amount entered in item I.A.5, Remainder used for highway purposes.

Item II.A.1.b, Motor Vehicle (SYSTEM-CALCULATED FIELD)

This item shows the amount reported on item I.B.5, Remainder used for highway purposes. This is the portion of revenues received from local motor vehicle taxes that were used for road and street purposes. Fuels and FASH calculates this item automatically.

Item II.A.1.c, Total (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this item automatically by summing items II.A.1.a. and II.A.1.b.

Item II.A.2, General Fund Appropriations

This item is for reporting appropriations from local general funds that are used for roads and streets. Any excess general funds should not be included in this item because those funds are returned to the local general fund before any disbursement for highway purposes. Report only the net amount from local general fund sources.

Item II.A.3, Other Local Imposts

This item is for reporting other local taxes and fees that were dedicated to and used for roads and streets. The total reported on Tab A should match the sum of the detail items reported on tab B.

Item II.A.3.a, Property Taxes and Assessments

This item is for reporting 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**

This item is for reporting 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. Add a note specifying the kind of tax or fee.

Item II.A.3.b.(1), Sales Taxes

This item is for reporting revenues from local government sales taxes.

Items II.A.3.b.(2) through II.A.3.b.(5)

These items are for reporting revenues from other local government taxes and fees that were allocated and used specifically for highway purposes.

Item II.A.3.b.(6), Total (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this field automatically by summing items Item II.A.3.b.(1), through Item II.A.3.b.(5),

Item II.A.3.c, Total (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this field automatically by summing items II.A.3.a. and II.A.3.b.(6). This total is carried forward to item II.A.3, Other Local Imposts.

Item II.A.4, Miscellaneous Local Receipts

Record all local highway- or transportation-related income not otherwise identified as dedicated to 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 (such as surplus parking or garage fees transferred to local agencies for road and street purposes), and other miscellaneous local receipts. The total reported on tab A should match the sum of the detail items reported on tab B.

Item II.A.4.a, Interest on Investments

This item is for reporting interest and investment income related to cash and investment balances in highway and roadway accounts and funds.

Items II.A.4.b, through II.A.4.h.

This item is for reporting amounts from major sources of miscellaneous revenues that were used for highway purposes. Add a note specifying the source, type, and amount of revenue. If additional items are needed, use a supplementary schedule.

Items II.A.4.b, through II.A.4.i, Total (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this field automatically by summing items II.A.4.a. and II.A.4.h. This Total is carried forward to Item II.A.4, Miscellaneous Local Receipts by Fuels and FASH.

Item II.A.5, Transfers from Toll Facilities

This item is for reporting fund transfers from toll facilities to local governments. Add a note specifying the toll facility and amount of transferred funds.



Item II.A.6, Proceeds of Sale of Bonds and Notes

This item is for reporting the net proceeds of debt issued by local governments for highway purposes.

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.

TAKE NOTE

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.

When debt issues are sold and used for both highway and non-highway purposes, report only the highway portion, but if the highway share of an issue cannot be estimated easily, do not include the issue.

Item II.A.6.a, Bonds—Original Issues

This item is for reporting 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

This item is for reporting 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

This item is for reporting the net proceeds received by local governments from issuing notes for road and street purposes.

Item II.A.6.d, Total (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this item automatically by summing items II.A.6.a. through II.A.6.c.

Item II.A.7, Total (SYSTEM-CALCULATED FIELD)

This item shows the total revenue from local sources for road and street programs (sum of items II.A.1 through II.A.6). Fuels and FASH calculates this item automatically.

Item II.B, Private Contributions

This item is for reporting private participation in the public road system. Include amounts received by local governments from the private sector for road and street programs, which can be in the form of cash or services. The following are common kinds of private sector contributions:

- Cash
- Transfer of real property
- Construction of facilities
- Performance of surveys and preliminary and construction engineering.

The private contributions reported here should also be reported in item III.A.

Item II.C, Receipts from State Government

= Prior year Item II.C

This item is for reporting State funds received by local governments for local road and street programs, such as

- Grants-in-aid
- Loans



- Legal allocations or shares of State-imposed taxes.
- Payments to local governments under cooperative agreements.

Do not report funds received by local governments under a State contract for work performed for the State.

When preparing information on State transfers to local governments, compare the prior-year Form 532, item A.10, which provides information on State transfers of State and Federal funds to local governments for roads and streets.

Item II.C.1, Highway User Taxes (SYSTEM-CALCULATED FIELD)

This item shows the amount reported on item I.C.5. This amount is the sum of transfers of State motor fuel taxes, motor vehicle registration fees, motor carrier taxes, and similar taxes and fees, that were used for roadways.

Item II.C.2, State General Funds

This item is for reporting the allocation and transfer of State general funds to local governments for highway purposes.

Item II.C.3, Other State Funds

This item is for reporting 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. Add a note identifying the sources of the funds.

Item II.C.3.a, State Bond Proceeds

This item is for reporting amounts received from the proceeds of bonds sold by the State.

Items II.C.3.b through II.C.3.e

This item is for reporting the sources of other State funds transferred to local governments.

Item II.C.3.f, Total (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this field automatically by summing items II.C.3.a. and II.C.3.f and carries the total forward to item II.A.C, Receipts from State government.

Item II.C.4, Total Receipts from State Government (SYSTEM-CALCULATED FIELD)

This item shows the total amount of receipts from State government. Fuels and FASH calculates this item automatically from items II.C.1 to II.C.3.f.

Item II.D, Receipts from Federal Government

This item is for reporting 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.

The amount in this item should equal Form 532, item A.10, 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 (SYSTEM-CALCULATED FIELD)

This item shows 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 (FEMA) that were used for roads and streets.

Item II.D.2.c, HUD

Enter the amount of funds received by local governments from the Department of Housing and Urban Development (HUD) 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 and roads and streets.

Item II.D.2.g, Total (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this item automatically by summing items II.D.2.a. through II.D.2.f.

Item II.D.3, Total (SYSTEM-CALCULATED FIELD)

Fuels and FASH calculates this item automatically by summing items II.D.1. through II.D.2.g. and carried the amount forward to Item II.D., Receipts from Federal Government.

Item II.E, Total Receipts (SYSTEM-CALCULATED FIELD)

This item shows the total revenue from local, private, State, and Federal sources for the road and street programs of local governments. Fuels and FASH calculates this item automatically by summing item II.A.7, item II.B, and item II.C. a.

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:

- Local highway disbursements
- Debt service on local obligations
- Payments to State governments
- Payments to toll facilities.

The classification of expenditures should follow the same guidelines as for Form 532. Segregate payments to the State DOT and other State agencies to avoid duplicate recording of expenditures between different units and levels of government.

Form 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 controlled and funded jointly by local and State governments, or co-supported, local government expenditures should be reported on Form 536, while State expenditures are reported on Form 532. When the State retains full control over a project but



contracts with a local government for services or for some of the work, those expenditures should be reported on Form 532, not on Form 536.

The local share of matching funds for Federal-aid Highway Program 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

This item is for reporting expenditures by local governments for highway activities.

Item III.A.1, Capital Outlay (SYSTEM-CALCULATED FIELD)

This item is for reporting 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 section 2.1.

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 section 2.3 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 Tab A for this item should match the detail reported on Tab B.

Tab B has three columns:

- Colum (A), On National Highway System
- Colum (B), Off National Highway System
- Colum (C), Total.

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 NHS should be reported in column (A) while the amount spent off the NHS 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; and traffic and related studies. The amount expended on the NHS should be reported in column while the amount spent off the NHS should be reported in column (B).

Item III.A.1.c, Construction

This item is for reporting expenditures for construction of roads and bridges. See the instructions and examples for Form 532, item A.1.c, Construction of Highways (midsection) 2.1. Item III.A.1.c.(1), New Facilities



This item is for reporting expenditures for new highways, roads, and bridges—not for existing highways, roads, streets, and bridges—on the NHS.

This is for expenditures for the NHS only—columns (B) and (C) are shaded for this reason.

See the instructions for Form 534, item I.A, New Facilities (section 2.5) for detailed definitions of individual improvement types.

Item III.A.1.c.(2), Capacity Improvements

This item is for reporting expenditures for improvements that add capacity by adding lanes to existing facilities on the NHS. Include improvements such as

- Relocation with added capacity
- Reconstruction with added capacity
- Major widening
- Bridge replacement with added capacity
- Bridge rehabilitation with added capacity.

See the instructions for Form 534, item I.B (section 2.5), for detailed definitions of individual improvement types.

This is for expenditures for the NHS only—columns (B) and (C) are shaded for this reason.

Item III.A.1.c.(3), System Preservation

This item is for reporting expenditures for improvements on the NHS that preserve the existing system without adding significant capacity. Include improvements such as

- Reconstruction that does not add capacity
- Minor widening
- Restoration and rehabilitation
- Resurfacing and bridge replacement
- Major bridge rehabilitation
- Minor bridge rehabilitation.

See the instructions for Form 534, item I.C in section 2.5 for detailed definitions of individual improvement types.

This is for expenditures for the NHS only—columns (B) and (C) are shaded for this reason.

Item III.A.1.c.(4), System Enhancement and Operation

This item is for reporting 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.

For definitions of improvement types, see the instructions for Form 534, item I.D in section 2.5.

This is for expenditures for the NHS only—columns (B) and (C) are shaded for this reason.

**Item III.A.1.c.(5), Total Construction**

This item is for reporting expenditures for construction of roads and bridges.

Column (A) should represent total construction on the NHS and should be the sum of the amounts in items III.A.1.c.(1) through III.A.1.c.(4).

Report amounts for construction on roads off the NHS in column (B).

Item III.A.1.d, Total (SYSTEM-CALCULATED FIELD)

This item shows the sum of items II.A.1.a, II.A.1.b, and II.A.1.c(5). Fuels and FASH calculates this amount automatically and carries the total forward to item III.A.1., Capital Outlay.

Item III.A.2, Maintenance

This item is for reporting 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 expenditure 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 Form 532, item A.2, (see section 2.1).

The term *maintenance* as used on Form 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.

If equipment costs cannot be assigned to capital outlay or maintenance, prorate costs between the two functions. As with construction expenditures, 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 536. See section 2.3 for data reporting requirements for toll facilities.

Item III.A.3, Road and Street Services



This item is for reporting the operational expenditures of local governments for roads, streets, and bridges. The information provided in this item should be consistent with the classification of operational expenditures in Form 532, item A.3 (see section 2.1).



Item III.A.3.a, Traffic Control Operations

Enter 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, and the like.

Exhibit 2-5. Include in or Exclude from Traffic Control Operations

Include or Exclude	
 • Operating costs	 • Construction costs • Maintenance costs

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 *(SYSTEM-CALCULATED FIELD)*

This line calculates 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

This item is for reporting general and miscellaneous expenditures that are not readily classified as capital outlay, maintenance, or operations. This item includes expenditures for activities such as

- Highway planning
- Traffic studies
- Research activities.

The information provided in this item should be consistent with the information provided in Form 532, item A.4.

Do not include expenses associated with

- Administration of mass transit programs that are supported by local governments.
- Collection and administration of local motor fuel and motor vehicle revenue (report those costs in items I.A.2 and I.B.2).

Item III.A.5, Highway Law Enforcement and Safety

This item is for reporting the highway and traffic police costs of local governments that are associated with traffic supervision and the enforcement of highway, traffic, and safety laws.

If these costs are commingled with general police activities and lose their identity, make an estimate. The amount entered in this item should be consistent with the amount in Form 532, item A.5 (see section 2.1).